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FAIRCHILD'S TEXTILE & APPAREL FINANCIAL DIRECTORY 1987

14th Annual Edition

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Editor's Note: In order to present a clearer picture of a company's involvement in the Textile and Apparel fields, we have, in some cases, included only those divisions and subsidiaries related to Textile & Apparel.

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GENERAL TRENDS

The restructuring and consolidation of the textile and apparel industries, and the stepped-up investment in new technology, has resulted in gains in capacity utilization, productivity, and financial results. A realization of the need for cooperative effort in the face of the flood of imports, which continue to pour into the U.S., has helped unify some disparate elements in the complex—from fiber production and weaving to product assembly, distribution, and retailing—and encouraged a rapid adoption of new information technologies.

Since the middle of 1984, output of textile mills has risen 22.5% and there has been a slow but steady increase in the hiring of production workers. Earnings in leading mills shot up 94% last year. In the first quarter of 1987, total sales for seven major textile mills rose 7.9% over the same 1986 period, while profits more than doubled.

In viewing the outlook for 1987, the U.S. Chamber of Commerce has anticipated a rise of 7.7% in output of textiles, and a 3.3% gain in apparel production. However, despite the optimism generated by technical progress, the textile/apparel complex is subject to rapidly changing, very influential global developments which shape its future.

For example, developing world markets are stepping up competition for raw materials as well as finished goods. Due to sharply increased buying by China, the price of raw cotton has escalated. Australian wool prices, too, are suddenly shooting up. Following the pattern, domestic producers of manmade fibers are announcing price increases. These increases will squeeze profit margins in the near term; then they will be felt at the cutter and retailer level. Another blunting of the competitive edge for U.S. suppliers in relation to imports?

Industry observers point out that, in any event, the improved industry performance cannot be sustained unless imports are controlled. This is a major objective of the textile/apparel complex at this time, though not unanimously supported by all members. The trade deficit continues to grow, although there are indications that bilateral agreements negotiated under the terms of the Multifiber Agreement are having some effect; although there are problems in enforcement, in transshipments, etc.

New bilateral agreements have now been negotiated with all the major U.S. textile and apparel suppliers except China. These limit the growth in exports of Taiwan, Japan, South Korea and Hong Kong to about 1% a year. Figures on imports for March—the first month of this year not affected by pre-agreement carryovers—registered a decline, though this was solely in textiles, while apparel imports were up almost 4%.

China has now replaced Taiwan as the largest supplier to the U.S., accounting for 13% of our import total in textiles/apparel last year. China has refused to negotiate trade agreements, and imports grew in the first quarter this year despite embargoes placed on 15 categories of textiles and apparel thus far this year. Millions of dollars worth of this merchandise have entered the U.S. on counterfeit visas and have been seized, causing considerable difficulties for retailer/importers.

Last September, the Group of Five (U.S., Great Britain, France, West Germany, Japan) began to collaborate to weaken the U.S. dollar and thereby help the U.S. cut its trade deficit. While benefiting some U.S. industries, textiles and apparel are generally not helped. Their main competition is coming from Asian nations whose currencies until recently have been pegged to the dollar. The currencies of some, notably Taiwan and South Korea—with urging from the U.S.—are getting stronger, even though still dollar-linked, and these suppliers are losing some of their cost advantage. The Atlanta Federal Reserve Bank's currency index, as of March 1987, showed the dollar had dropped nearly 15% against Taiwan's currency in the past 18 months; a similar trend was noted from South Korea, Singapore and Australia. (In contrast, the dollar has fallen 40% against the Japanese yen.)

In another development leading to better trade relations, Taiwan has agreed to significantly reduce tariffs on American textiles and apparel for a one-year extension of the three-year U.S.-Taiwan bilateral agreement.

Hopefully, U.S. exports of textiles and apparel will pick up this year. However, competition continues to grow. Trade sources view with alarm the emergence of new textile exporting countries that are shipping larger and larger quantities to the U.S. and elsewhere. Malaysia, for example, has just negotiated a new aggregate limit allowing it to ship 28% more this year to the U.S. Imports from that source grew from 43 million SYE's in 1983 to 200 million in 1986. Devaluation of the dollar is a two-edged sword: machinery needed by U.S. textile and apparel plants comes primarily from sources benefiting from our devalued dollar, and is now much more expensive.

The Textile and Apparel Trade Act of 1987 is now under consideration in Congress. This calls for global quotas on all textile, apparel and non-rubber footwear products. It is opposed by the Administration (and likely to be vetoed) on several grounds: it is claimed it would hurt U.S. consumers, provoke retaliation, violate other obligations and agreements to which the U.S. is committed, and undermine efforts to secure more open trading systems for U.S. exports.

Meanwhile, quota problems are forcing large importers and retailers to seek new sources of supply, both in the Far East and back in the U.S. At the start of the second quarter this year, the outlook for the domestic industry and the market for the short term is clouded by many uncertainties. For the long term, there is hope that a revitalized textile/apparel complex will find its place with an important stake in the global picture.

VALUE OF INDUSTRY SHIPMENTS

Reported Industry Segments	Percent Change (Constant 1982\$)			
	Compound Annual Change		Annual Change	
	1972-1984	1972-1984	1984/85(e)	1985/86(e)
Textile industry*	+ 0.5%	- 0.4%	- 3.5%	+ 1.9%
Manmade fibers				
Cellulosic	- 0.8	- 6.6	-15.0	+ 6.4
Noncellulosic (organic)	+ 4.8	- 1.6	+ 2.4	+ 2.1
Yarn mills, except wool	+ 1.0	+ 0.9	- 4.6	+ 9.4
Wool yarn mills	- 3.4	- 0.7	- 6.8	+ 7.5
Knit fabric mills	- 2.8	- 6.3	+ 2.5	- 1.8
Weaving mills, total	- 0.3	- 1.6	- 4.2	+ 4.1
Cotton fabrics	- 3.4	- 6.2	- 2.0	+ 5.0
Manmade fabrics	+ 1.4	+ 0.2	- 4.0	+ 2.6
Wool fabrics (incl. finishing)	+ 1.6	+ 5.4	-14.4	+14.9
Apparel & other textile products	+ 1.0%	+ 1.2%	- 1.4%	+ 1.9%
Men's & boys' wear	- 1.0	- 0.2	- 2.9	+ 1.1
Suits & coats	- 3.4	- 1.4	- 4.1	- 1.2
Shirts/nightwear	- 0.8	- 0.2	- 6.9	-0-
Trousers	- 2.8	- 0.9	- 5.2	+ 1.5
Work clothes	+ 2.2	+ 1.0	+ 1.9	+ 2.9
Women's, misses' outerwear	+ 1.7	+ 1.1	- 4.1	- 0.3
Blouses	+ 4.0	-0-	- 4.0	- 0.8
Dresses	- 0.9	+ 0.4	- 3.4	- 1.8
Suits, coats	+ 4.3	+ 2.9	- 5.1	+ 2.0
Children's, infants' outerwear	+ 1.3	+ 4.2	- 0.4	+ 2.7
Dresses, blouses	+ 2.4	+ 5.4	- 0.1	+ 2.2
Coats, suits	- 4.7	- 3.6	- 2.5	+ 7.3

(e) estimated

* Not including manmade fibers (which are classified in the Chemical Industry).

Source: U.S. Department of Commerce, International Trade Administration: 1987 U.S. Industrial Outlook.

Production Worker Employment in Fiber/Textile Mills: 1984-1986
(Annual average numbers in thousands)

	1986	1985	1984	% Change 1986/84
Fibers, organic, noncellulosic*	44.5	46.6	54.3	-18.0%
Textile mill products industry	613.3	607.6	642.1	-4.5
Industry components:				
Weaving mills, cotton	90.1	94.5	113.4	-20.5
Weaving mills, manmade fibers	79.6	81.7	84.9	-6.2
Weaving/finishing mills, wool	13.9	14.3	14.3	-2.8
Narrow fabric mills	18.2	18.3	19.3	-5.7
Knitting mills (incl. hosiery)	178.5	171.9	174.9	+2.1
Textile finishing, exc. wool	48.8	48.7	53.7	-9.1
Floor covering mills	48.2	44.9	36.9	+30.6
Yarn & thread mills	93.1	89.8	98.3	-5.3
Miscellaneous textile goods	42.9	43.4	45.3	-5.3

* Employment in the manufacture of cellulosic fibers is not reported.

Source: Bureau of Labor Statistics, U.S. Department of Labor.

**Production Worker Employment in Apparel & Other Textile Product Plants:
1984-1986**
(Annual average number in thousands)

	1986	1985	1984	% Change 1986/84
Apparel & other textile products	941.2	948.3	981.2	-4.1%
Apparel	790.2	798.0	848.2	-6.8
Selected industry components:				
Men's & boys' suits & coats	52.2	55.6	65.7	-20.5
Men's & boys' furnishings	274.1	272.1	273.7	+0.1
Women's outerwear	297.0	302.5	328.9	-9.7
Children's outerwear	53.5	51.5	52.0	+2.9
Women's, children's innerwear	63.5	64.5	70.7	-10.2
Misc. apparel, accessories	35.3	36.4	41.1	-14.1
Misc. textile products (home textiles, automotive & apparel trimmings)	151.0	150.3	133.0	+13.5

Source: Bureau of Labor Statistics.

Production Levels in the Fiber/Textile Apparel Complex
(Annual average indexes, 1984-1986 based on 1977=100)

	1986	1985	1984	% Change 1986/85
All U.S. manufacturing*	129.1	126.4	123.4	+2.1%
Manmade fibers	98.5	95.3	94.1	+3.4
Textile mill products	113.2	103.2	104.2	+9.7
Fabrics	110.3	98.3	99.1	+12.2
Cotton fabrics	130.6	108.4	101.7	+20.5
Manmade fiber fabrics	101.5	93.8	99.1	+8.2
Knit goods	106.2	101.0	100.4	+5.1
Hosiery	155.0	145.0	143.0	+6.9
Knit garments	92.3	88.4	88.2	+4.4
Fabric finishing	85.7	81.5	93.1	+5.1
Carpeting	148.7	139.8	127.4	+6.4
Yarns & misc. textiles	120.2	105.7	109.8	+13.7
Apparel & other textile products	103.2(p)	100.9	102.7	+2.3

(p) preliminary

Source: Board of Governors, Federal Reserve System (G.12.3).

Producer Price Indexes: Annual Averages 1984, 1985 & February 1986, 1987
(1967 average = 100, unless otherwise noted)

	February		% Change 1987/86	Annual Average	
	1987	1986		1985	1984
All industrial commodities	315.7	304.7	+ 3.6%	323.8	322.6
Textile products & apparel	211.8	210.8	+ 0.5	210.4	210.0
Selected textile/apparel:					
Synthetic fibers*	149.0	150.5	- 1.0	154.8	159.2
Processed yarns & threads*	140.0	139.9	+ 0.1	141.1	142.8
Gray fabrics*	150.0	151.5	- 1.0	151.7	153.7
Finished fabrics*	128.2	125.9	+ 1.8	126.3	126.7
Broadwovens*	143.5	139.7	+ 2.7	140.4	141.2
Knits*	109.4	108.3	+ 1.0	109.3	108.9
Apparel	207.4	205.7	+ 0.8	204.1	201.3
Women's wear	183.8	183.6	+ 0.1	182.3	179.4
Men's & boys' wear	236.4	232.2	+ 1.8	230.5	227.3
Girls', children's, infants	205.6	205.8	- 0.1	202.7	202.8
Home textiles	241.1	239.6	+ 0.6	240.0	238.9

*December 1975 average = 100

Source: U.S. Bureau of Labor Statistics.

U.S. Import Price Indexes for Textile & Apparel: March 1987

	Index Base	Index		Percent Change	
		March 1987	Dec. 1986	March 1987/86	December 1986/87
Textiles*	6/77	138.8	135.3	+ 5.8%	+ 2.6%
Woven cotton fabric (cif)	6/77	128.4	124.1	+ 9.0	+ 3.5
Woven manmade fabric (cif)	9/78	141.5	136.1	+10.1	+ 4.0
Misc. woven fabric (cif)	6/77	137.5	134.2	+ 1.3	+ 2.5
Special textile fabrics & related products (cif)	9/77	150.1	147.9	+10.7	+ 1.5
Articles: chiefly textile (cif)	9/78	111.7	113.2	- 4.7	- 1.3
Apparel*	9/77	145.5	139.1	+ 9.1	+ 4.6
Selected types					
Outerwear: men's, boys' (cif)	6/77	143.2	138.8	+ 6.7	+ 3.2
Sweaters (cif)	6/77	159.6	159.2	+17.1	+ 0.3

cif cost, insurance, freight

* Includes items not separately listed.

Source: U.S. Bureau of Labor Statistics.

Summary of U.S. Textile & Apparel Trade: Selected Years 1974-1986
(Millions of dollars)

Year	Textiles				Apparel		
	Imports*	Exports**	Trade Balance		Imports*	Exports**	Trade Balance
1974	\$ 1,752	\$ 1,795	+ 43		\$ 2,517	\$ 400	- 2,117
1978	2,400	2,225	- 175		6,108	677	- 5,431
1979	2,399	3,189	+ 790		6,291	931	- 5,630
1982	3,000	2,784	- 216		8,703	953	- 7,750
1984	4,874	2,382	- 2,492		14,513	807	-13,706
1985	5,274	2,366	- 2,908		16,056	755	-15,301
1986	6,151	2,570	- 3,581		18,554	899	-17,655

* cif cost, insurance, freight

** fas free alongside ship

Source: Special Congressional Office of Technology Assessment report:
The U.S. Textile & Apparel Industry (April 1987);
U.S. Dept. of Commerce, FT-135, FT-140.

Summary of General Imports & Exports of Textiles & Products; 1984-1985
*Quantity in thousands of pounds unless otherwise specified;
value in millions of dollars)*

	Quantity			Value (fas)* (cif)**		
	1986	1985	1984	1986	1985	1984
EXPORTS:						
Raw cotton, excl. waste & linters (thous. bales)	5,447	4,756	6,516	\$ 773.3	\$ 1,633.2	\$ 2,441.4
Textile yarns, fabrics, made-up articles	—	—	—	2,570.0	2,366.1	2,381.8
Yarn & thread	—	—	—	572.6	627.6	546.7
Cotton fabrics (excl. narrow or special), woven	—	—	—	300.5	203.3	193.2
Manmade fiber fabrics (excl. narrow), woven (mil. SYD)	226.8	233.6	220.6	395.9	373.1	353.9
Misc. textile products, incl. floor coverings	—	—	—	443.5	419.5	467.1
Apparel, exc. footwear	—	—	—	899.1	754.4	807.3
Textile, sewing & leather machinery	—	—	—	553.9	498.3	519.6
IMPORTS (General)****						
Textile fibers, raw & their waste	—	—	—	386.1	376.6	416.8
Raw cotton other than linters	6,143	8,981	10,983	3.5	15.8	8.6
Jute, vegetable fibers	—	—	—	22.5	27.7	28.9
Wool, other animal hair	—	—	—	196.8	175.9	223.8
Textile yarns, fabrics, related products	—	—	—	6,150.8	5,274.2	4,874.1
Yarn & thread	443,626	352,785	—	736.1	573.7	558.4
Cotton fabric (excl. narrow), woven	—	—	—	1,064.1	892.0	934.6
Other woven fabrics (jute, wool, silk, etc.)	—	—	—	1,651.8	1,448.4	1,388.5
Apparel & accessories	—	—	—	18,554.0	16,055.9	14,512.8
Textile, sewing, leather machinery	—	—	—	1,502.2	2,885.8	1,336.4

Value of Exports & Imports For Consumption: 1984-1986
(Millions of dollars)

	Imports, CIF Value**			Exports, FAS Value*		
	1986	1985	1984	1986	1985	1984
Textile mill products	\$ 4,410.1	\$ 3,885.0	\$ 3,723.7	\$1,652.8	\$1,461.5	\$1,541.0
Apparel & other textile products	19,510.1	16,896.9	14,985.4	1,213.0	1,018.7	1,064.6

* Export value is fas (free alongside ship) the value at the U.S. port of export, based on the transaction price plus freight, insurance, and other charges involved in bringing the merchandise alongside the carrier at the U.S. port of exportation.

** cif This value includes the price paid (or payable) for merchandise plus freight, insurance, etc., incurred in bringing the merchandise to the first port of arrival in the U.S. Duties are not included.

*** General imports include goods imported for immediate consumption in the U.S. plus entries into bonded warehouses and into U.S. Foreign Trade Zones.

Source: U.S. Bureau of the Census: *Highlights of U.S. Export and Import Trade* (FT 990).

The preceding tables and analysis have been compiled and prepared by the Fairchild Market Research Division, Audrey S. Balchen, Director.

1986 STATISTICS FOR LEADING FIBER & TEXTILE MANUFACTURERS

Company	Sales (000's)		% Chg.	Net Income (000's)		% Chg.	% Net Income to Sales		Pre-Tax Income (000's)		Shareholders' Equity (000's)		% Net Income to Shareholders' Equity	
	1986	1985		1986	1985		1986	1985	1986	1985	1986	1985	1986	1985
du Pont (A)	\$27,148,000	\$29,483,000	- 7.92	\$1,538,000	\$1,118,000	+ 37.57	5.67	3.79	\$2,985,000	\$3,195,000	\$13,374,000	\$12,659,000	11.50	8.83
Monsanto (B)	6,879,000	6,747,000	+ 1.96	433,000	(98,000)	—	6.29	—	636,000	(298,000)	3,781,000	3,407,000	11.45	—
Wicks (C)	4,770,000	2,806,229	+ 69.98	83,750	76,130	+ 10.01	1.76	2.71	102,730	49,592	1,056,272	976,927	7.93	7.79
Owens-Corning	3,644,410	3,304,959	+ 10.27	15,643	131,212	- 88.08	0.43	3.97	18,268	167,451	(1,025,196)	944,683	—	13.89
Celanese (D)	NA	3,046,000	—	NA	178,000	—	—	5.84	NA	240,000	NA	1,017,000	—	17.50
Burlington	2,778,132	2,802,134	- 0.86	56,531	12,574	+ 349.59	2.03	0.45	106,435	7,505	1,140,431	1,150,779	4.96	1.09
West Point-Pepperell	1,813,354	1,204,158	+ 50.59	54,465	28,361	+ 92.04	3.00	2.36	104,050	48,061	674,977	461,436	8.07	6.15
J.P. Stevens (E)	1,671,871	1,698,284	- 1.56	53,687	(15,493)	—	32.11	—	94,057	(56,906)	502,685	501,807	10.68	—
Springs Ind.	1,504,984	1,013,492	+ 48.49	32,575	13,271	+ 145.46	2.16	1.31	58,787	20,629	464,622	442,233	7.01	3.00
Fieldcrest Cannon	1,083,236	586,092	+ 84.82	17,389	13,062	+ 33.13	1.61	2.23	31,689	22,682	269,389	181,163	6.45	7.21
Dominion Textile (F)	926,516	765,870	+ 20.98	6,401	(14,375)	—	0.69	—	11,090	(14,375)	380,013	305,867	1.68	—
United Merch. & Mfrs. (G)	802,105	795,360	+ 0.85	(35,340)	(20,366)	—	—	—	(25,106)	(1,751)	115,290	148,157	—	—
Gulford Mills	416,265	356,521	+ 16.76	19,026	17,304	+ 9.95	4.57	4.85	35,826	29,804	167,076	150,828	11.39	11.47
Celanese Canada	345,179	337,458	+ 2.29	18,766	12,555	+ 49.47	5.44	3.72	29,095	16,797	151,777	144,050	12.36	8.72
Dixie Yarns	300,770	253,471	+ 18.66	13,378	7,093	+ 88.61	4.45	2.80	21,566	12,788	92,317	47,523	14.49	14.93
Unifi	248,873	216,039	+ 15.20	10,407	6,338	+ 64.20	4.18	2.93	16,627	11,170	88,790	71,312	11.72	8.89
Delta Woodside	141,810	94,428	+ 50.18	5,258	2,375	+ 121.39	3.71	2.52	9,982	4,594	8,803	3,544	59.73	67.01
Thomson Mills	139,063	132,495	+ 4.96	(1,047)	(162)	—	—	—	(1,047)	(162)	46,521	48,389	—	—
Consoltech Canada (H)	138,076	128,318	+ 7.60	7,660	4,635	+ 65.26	5.55	3.61	6,177	6,177	54,687	47,027	14.01	9.86
Fab	119,056	107,348	+ 10.91	10,726	8,683	+ 23.53	9.01	8.09	16,770	11,707	79,408	70,861	13.51	12.25
Quaker Fabric (I)	106,273	118,300	- 10.17	2,268	916	+ 147.60	2.13	0.77	2,345	916	12,398	10,065	18.29	9.10

NOTE: The criterion for inclusion in this list is that the sales of each organization be at least \$100,000,000. In some instances figures for 1985 have been restated for various reasons.

FOOTNOTES:

- () Designates a loss.
- + 53 weeks in 1986; 52 weeks in 1985.
- * 52 weeks in 1986; 53 weeks in 1985.
- NA Not Available.
- (A) Sales of the fabrics operations of du Pont were \$4,786,000,000 in 1986 and \$4,483,000,000 in 1985.
- (B) Net income of Monsanto includes an extraordinary gain of \$30,000,000 in 1985.
- (C) Net income of Wicks includes discontinued operations in 1985 and extraordinary gains of \$9,861,000 in 1986 and \$35,482,000 in 1985.
- (D) Celanese was acquired by Hoechst AG of West Germany in Feb., 1987.
- (E) Net income of J.P. Stevens includes discontinued operations in 1985.
- (F) Net income of Dominion Textile includes an extraordinary loss of \$4,689,000 in 1986.
- (G) Net income of United Merch. & Mfrs. includes extraordinary gains of \$197,000 in 1986 and \$217,000 in 1985.
- (H) Net income of Consoltech Canada includes extraordinary gains of \$2,411,000 in 1986 and \$186,000 in 1985.
- (I) Net income of Quaker Fabric includes an extraordinary gain of \$623,000 in 1986.

LEADING FIBER & TEXTILE INDUSTRY AVERAGES*

(Average)	1986	1985	% Change
Sales	\$1,464,683,000	\$1,325,698,000	+ 10.48
Net Income + ‡	46,660,000	26,804,000	+ 74.08
Pre-Tax Income + ‡	72,363,000	37,373,000	+ 93.62
Shareholders' Equity ×	504,803,000	506,532,000	- 0.34
% Net Income to Sales	3.19	2.02	+ 57.92
% Net Income to Shareholders' Equity	9.24	5.29	+ 74.67

- * - Excluding du Pont.
- + - Excluding United Merch. & Mfrs.
- ‡ - Excluding Monsanto in 1985.
- × - Excluding J.P. Stevens in 1985.
- × - Excluding Owens-Corning in 1986.

1986 STATISTICS FOR LEADING APPAREL MANUFACTURERS

Company†	Sales (000's)	% Chg.	Net Income (000's)	% Chg.	% Net Income to Sales	Pre-Tax Income (000's)	Shareholders' Equity (000's)	% Net Income to Shareholders' Equity
	1986		1986		1986	1986	1986	1986
Wicks (A)	\$4,770,000	+ 69.98	\$83,750	+ 10.01	1.76	\$102,730	\$1,056,272	7.93
Burlington	2,778,132	- 0.86	36,531	+ 349.59	2.03	106,435	1,150,779	4.96
INTERCO	2,613,739	+ 4.10	98,643	+ 6.82	3.77	188,180	1,111,293	8.59
West Point-Pepperell*	1,813,354	+ 50.59	54,465	+ 92.04	3.00	104,050	674,977	8.07
VF Corp.	1,544,574	+ 4.28	129,350	- 7.22	8.37	249,443	461,436	6.15
NIKE (B)	1,069,222	+ 12.98	59,211	+ 476.54	5.54	110,017	554,223	15.70
Hartmarx	1,063,011	+ 4.19	10,270	- 41.92	2.33	47,525	271,668	18.69
Liz Claiborne	813,497	+ 46.17	86,194	+ 42.28	10.60	169,302	332,412	3.78
United Merch. & Mfr. (C)	802,105	+ 0.85	60,580	-	-	(25,106)	247,787	34.79
Fruit of the Loom (E)	701,194	+ 10.22	39,575	+ 19.13	5.64	78,524	148,157	-
Levi's	692,900	+ 186.09	12,100	+ 10.00	1.75	30,300	205,198	16.06
Levi's	573,401	+ 20.61	18,647	+ 71.72	3.25	38,135	17,300	63.58
Kellwood (F)	571,861	+ 13.89	25,251	+ 31.78	4.42	38,378	92,459	20.17
Oxford Ind.	533,581	+ 4.49	10,304	+ 44.46	1.93	18,799	130,715	16.00
Genesco (G)	514,589	- 4.44	20,426	-	3.97	12,593	123,109	8.00
Phillips-Van Heusen (H)	514,387	+ 6.55	20,101	+ 26.14	3.91	38,455	49,072	27.00
Russell*	437,520	+ 13.51	43,282	+ 46.16	9.89	80,382	150,676	12.22
Palm Beach + (I)	394,238	+ 5.92	5,973	-	1.26	(6,464)	219,733	17.43
Farah (J)	366,158	+ 13.39	4,162	- 76.77	1.14	4,987	8,155	-
Manhattan Ind. (K)	335,754	+ 0.08	17,919	-	-	(1,289)	71,871	5.79
Tollux	326,075	+ 25.62	14,140	+ 102.67	7.40	44,335	63,093	-
Russ Togs (L)	274,312	+ 0.90	13,819	+ 25.79	5.04	26,588	106,312	22.71
Crystal Brands (M)	223,252	+ 43.49	643	- 73.04	0.29	2,451	101,690	13.59
Oshkosh B'Gosh	198,197	+ 22.26	20,636	- 46.92	10.41	40,650	187,845	3.54
Wm. Carter	184,989	+ 12.52	206	- 93.27	0.11	275	47,536	32.06
Bayley (N)	182,344	+ 15.37	2,528	-	1.39	4,820	73,900	0.28
Hampton	160,796	+ 2.41	5,106	+ 58.42	3.18	9,850	24,527	10.31
Stonewood +	117,757	+ 0.40	(780)	-	0.75	(1,007)	45,843	11.14
Gann	105,386	+ 23.72	2,865	- 48.48	2.72	5,358	24,752	-

NOTE: The criterion for inclusion in this list is that the sales of each organization be at least \$100,000,000. In some instances figures for 1985 have been restated for various reasons.

FOOTNOTES:

- () Designates a loss.
- + 53 weeks in 1986; 52 weeks in 1985.
- * 52 weeks in 1986; 53 weeks in 1985.
- NA Not Available.
- † Levi Strauss has become a privately held corporation; there is no current information available.
- (A) Net income of Wicks includes discontinued operations in 1985 and extraordinary gains of \$9,461,000 in 1986 and \$35,482,000 in 1985.
- (B) Revenues from NIKE's apparel division are \$164,600,000 in 1986 and \$160,400,000 in 1985.
- (C) Net income of United Merch. & Mfrs. includes extraordinary gains of \$197,000 in 1986 and \$217,000 in 1985.
- (D) Net income of Farah includes discontinued operations in both years and an extraordinary gain of \$219,000 in 1985.
- (E) Fruit of the Loom was formerly Farley/Northwest Industries; net income includes discontinued operations in both years. 1985 fiscal period is for 5 months.
- (F) Net income of Kellwood includes discontinued operations in 1985.
- (G) Net income of Genesco includes discontinued operations in both years and an extraordinary gain of \$5,199,000 in 1986.
- (H) Net sales of Phillips-Van Heusen include operating revenues.
- (I) Palm Beach is a wholly-owned subsidiary of Palm Beach Holdings, Inc., a privately held corporation.
- (J) Net income of Farah includes an extraordinary gain of \$7,440,000 in 1985.
- (K) Net income of Manhattan Ind. includes discontinued operations in both years.
- (L) Net income of Russ Togs includes discontinued operations in 1985.
- (M) Crystal Brands' 1986 fiscal period is for 7 months.
- (N) Bayly Corp. is 50.8%-owned by OTF Equities, Inc.

LEADING APPAREL INDUSTRY AVERAGES

(Average)	1986	1985	% Change
Sales	\$850,908,000	\$725,985,000	+ 17.21
Net Income + #	30,091,000	25,535,000	+ 17.84
Pre-Tax Income + #	55,230,000	42,708,000	+ 29.32
Shareholders' Equity	269,675,000	236,275,000	+ 14.14
% Net Income to Sales	3.54	3.52	+ 0.57
% Net Income to Shareholders' Equity	11.16	10.81	+ 3.24

+ - Excluding United Merch. & Mfrs.
- Excluding Genesco and Manhattan Ind. in 1985.

LEADING TEXTILE & APPAREL COMPANIES BY RATIO

Income before Taxes to Sales*	% Net Income to Sales	% Net Income to Equity
du Pont	Liz Claiborne	Tultex
NIKE	Oshkosh B'Gosh	Leslie Fay
Russ Togs	Russell	Genesco
Monsanto	Fab Industries	NIKE
Guilford Mills	VF Corporation	Quaker Fabric
Celanese Canada	Tultex	Russell
Phillips-Van Heusen	Monsanto	Fuqua
INTERCO	du Pont	VF Corp.
Dixie Yarns	NIKE	Kellwood
Delta Woodside	Celanese Canada	Dixie Yarns
Unifi	Russ Togs	Russ Togs
Leslie Fay	Guilford Mills	Fab Ind.
Hampton Industries	Dixie Yarns	Celanese Canada
Consoltex Canada	Unifi	Phillips-Van Heusen
West Point-Pepperell	Phillips-Van Heusen	Unifi
J.P. Stevens	Consoltex Canada	du Pont
Garan	INTERCO	Monsanto
Hartmarx	Delta Woodside	Guilford Mills
Springs Ind.	Leslie Fay	Hampton Industries
Burlington	J.P. Stevens	J.P. Stevens
Oxford	Hampton Industries	Bayly
Fieldcrest Cannon	West Point-Pepperell	Consoltex Canada
Bayly	Garan	INTERCO
Quaker Fabric	Hartmarx	West Point-Pepperell
Wickes	Springs Industries	Oxford

Sales to Inventories†

Celanese Canada	9.39
Burlington	8.49
Dixie Yarns	8.34
Delta Woodside	8.18
Thomaston Mills	8.03
J.P. Stevens	7.10
Liz Claiborne	7.08
Leslie Fay	7.05
Springs Industries	6.85
Garan	6.76
Monsanto	6.43
du Pont	6.38
Phillips-Van Heusen	6.34
Guilford Mills	6.11
Oxford	6.07
Quaker Fabrics	5.94
Fab Industries	5.80
Texfi	5.78
Farah	5.57
Genesco	5.45
Fruit of the Loom	5.09
West Point-Pepperell	4.89
Bayly	4.70
Manhattan Ind.	4.69
Kellwood	4.57

Debt to Equity

Oshkosh B'Gosh	0.12
INTERCO	0.12
Garan	0.13
Russ Togs	0.13
Phillips-Van Heusen	0.15
Oxford	0.16
Dixie Yarns	0.16
Hartmarx	0.21
du Pont	0.24
Unifi	0.24
NIKE	0.25
J.P. Stevens	0.29
Crystal Brands	0.32
Tultex	0.35
Consoltex Canada	0.39
Bayly	0.40
Celanese Canada	0.40
Burlington	0.41
West Point-Pepperell	0.46
Thomaston Mills	0.49
Dominion Textile	0.51
Wm. Carter	0.52
Kellwood	0.53
Fuqua	0.54
Hampton Industries	0.60

FOOTNOTES:

* - Excluding companies with discontinued operations.

† - Excluding companies where sales include other income.

ACS Industries, Inc.

71 Villanova Street
Woonsocket, Rhode Island 02895
(401) 769-4700

Officers: George B. Botvin, chairman of the board, president & treasurer; Steven N. Buckler, exec. v.p. & secretary; Peter Botvin, v.p.; Howard R. Croll, asst. secretary.

Directors: George B. Botvin, chairman; Howard R. Croll, Sol. L. Resnick.

Plant Location(s):
Woonsocket, R.I.; Houston, Texas.

Divisions:
Fiber Operations
148 Hamlet Avenue
Woonsocket, Rhode Island 02895
Polypropylene yarns, fibers and braided cord and macrame.

Metal Wire Products
14208 Industry Road
Houston, Texas 77053
(713) 776-9373

71 Villanova Street
Woonsocket, Rhode Island 02895
Wire, knitted mesh and knitted mesh products.

Subsidiaries:
Telcoids, Inc.
P.O. Box 800
Woonsocket, Rhode Island 02895
Manufacture of coil telephone cords and related products.

ACS Restaurant, Inc.
153 Hamlet Avenue
Woonsocket, Rhode Island 02895
Operates a restaurant chain.

Transfer Agent(s):
Fleet National Bank
Providence, Rhode Island 02903

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ACSC (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 23,949,174	\$ 426,855
1985	23,920,796	633,531
1984	22,047,181	150,153
1983	19,065,208	738,309
1982	15,412,982	465,179

	No. of Com. Shares	Earn. per Share #
1986	1,217,866	\$ 0.35
1985	1,217,866	0.52
1984	1,217,866	0.12
1983	1,305,866	0.56
1982	1,328,066	0.35

Based on the weighted average number of shares outstanding.

Revenues By Line of Business		
	1986	1985
Wire products	\$ 13,033,000	\$ 13,692,000
Fiber products	9,059,000	9,024,000
Communication devices	1,780,000	964,000
Restaurant	77,000	240,000
Total	\$ 23,949,000	\$ 23,921,000

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 8,739,566	\$ 7.18
1985	8,312,711	6.83
1984	7,679,180	6.31
1983	7,759,277	5.94
1982	7,081,146	5.33

Income Account *		
Year ended	10/25/86	10/26/85
Net sales	\$ 23,949,174	\$ 23,920,796
Cost of sales	19,907,924	19,119,457
Expenses	3,212,661	2,938,862
Other income	(41,798)	(51,985)
Interest expense	149,558	229,174
Write-down of P.P. & E.	—	419,561
Loss on dispos. of P.P. & E.	41,342	129,101
Income before taxes	\$ 679,487	\$ 1,136,626
Income taxes	252,632	503,095
Net Income	\$ 426,855	\$ 633,531

* Included in Costs and Expenses, Depreciation: \$973,054 in 1986 and \$929,341 in 1985.

Assets		
As of	10/25/86	10/26/85
Cash & cert. of deposit	\$ 618,093	\$ 391,656
Accts. receiv., net	3,876,322	3,116,530
Inventories	3,179,959	3,377,070
Refundable income taxes	226,582	203,842
Prepaid expenses & other current assets	125,718	127,951
Current Assets	\$ 8,026,674	\$ 7,217,049
Fixed assets	6,499,947	5,769,769
Other assets	22,660	67,511
Total Assets	\$ 14,549,281	\$ 13,054,329

Liabilities		
Cap. lease oblig., net	\$ 449,856	\$ 385,116
Accts. payable	2,103,422	1,644,842
Accruals	146,900	86,373
Accrued payroll	396,698	281,400
Income taxes	90,716	131,313
Curr. Liabilities	\$ 3,147,592	\$ 2,529,044
Cap. lease oblig.	1,677,612	1,468,619
Deferred inc. taxes	984,511	743,955
+ Common stock	139,284	139,284
Add. paid-in capital	3,131,044	3,131,044
Retained earnings	5,874,307	5,447,452
Treasury stock	(405,069)	(405,069)
Total Liabilities & Shareholders' Equity	\$ 14,549,281	\$ 13,054,329

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	2.84	4.75
%Net Income to Sales	1.78	2.65
%Net Income to Equity	4.88	7.62
Sales to Inventories	7.53	7.08
Debt to Equity	0.19	0.18
Working Capital	\$4,879,082	\$4,688,005
Current Ratio	2.55	2.85
Shareholders' Equity	\$8,739,566	\$8,312,711

Adams-Millis Corporation

P.O. Box 2650
225 North Elm Street
High Point, North Carolina 27260
(919) 889-7071

Officers: James H. Millis, Sr., chairman of the board & chief exec. officer; Robert M. Bundy, Jr., president & chief operating officer; James H. Millis, Jr., sr. v.p.-marketing & product development; Norman Weiss, sr. v.p.-sales & merchandising; Siegfried Wallner, Jr., sr. v.p.-manufacturing; E. Dale Denny, v.p. & operations controller; K. Van Joyce, Danny F. McNair,

v.p.'s; Charles D. Oakes, v.p.-administrative & information services; M. Neel Harrison, sr. v.p.-finance & secretary/treasurer; M.L. Ryan, sr. v.p.-administration & human resources; N. George Harris, Jr., v.p. & controller; Edward K. Baker, v.p.-planning; Joan R. Tremlett, asst. secretary.

Directors: James H. Millis, Sr., chairman; L. Hardwick Caldwell, Jr., M. Neel Harrison, Irwin Belk, Michael L. Ryan, Thomas S. Haggai, Bland W. Worley, Robert M. Bundy, Jr., Edward Silver, J. Phillips Johnston, James H. Millis, Jr.

Business Activities: Manufacturer of a full line of hosiery sold through major chain and department stores across the country.

Trademarks and/or Brand Names: Adolfo, Alexander Julian, Bill Blass, BVD, Diane Von Furstenberg, Disney, Dunlop, Field & Stream, Hanes, Jockey, John Weitz, Lavin, Oscar de La Renta, Sweatout, Weekender, Wrangler, Yves Saint Laurent.

Plant Location(s): High Point, Kernersville, Mount Airy, Hickory, Franklinton, Archdale, Drexel, Valdese, N.C.

Divisions and Subsidiaries:
Silver Knit Industries, Inc.
401 South Hamilton Street
High Point, North Carolina 27260

Silver Knit Sales, Inc.
362 Fifth Avenue
New York, New York 10001

Adam-Millis Sales Company
350 Fifth Avenue
New York, New York 10001

Hayward Marum, Inc.
400 Manning Street
High Point, North Carolina 27260

Acquisition(s):
Maro Hosiery Corporation
350 Fifth Avenue
New York, New York 10001
Manufactures and markets hosiery products.

Transfer Agent(s):
The Chase Manhattan Bank, N.A.
New York, New York

Stock Exchange(s): New York

Ticker Symbol: ALL

Sales and Earnings		
	Net Sales +	Net Income †
1986*	\$ 178,264,000	\$ 6,036,000
1985	116,292,000	5,312,000
1984	111,223,000	5,741,000
1983	82,795,000	4,811,000
1982	62,089,000	1,729,000

	No. of Com. Shares #	Earn. per Share ††
1986*	4,624,850	\$ 1.28
1985	4,356,090	1.15
1984	4,549,240	1.25
1983	4,545,140	1.05
1982	4,676,050	0.37

* 53 weeks.
+ Of continuing operations only.
† Including extraordinary gain of \$3,489,000 (\$0.75 per share) in 1982.
Adjusted to reflect stock split.
†† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.21	—	2-for-1
1985	0.17	—	—
1984	0.14	—	—
1983	0.11	—	—
1982	0.10	—	—

‡ Adjusted to reflect stock split.

Adams-Millis Corporation

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 51,424,000	\$ 11.12
1985	45,962,000	10.09
1984	41,393,000	9.10
1983	36,298,000	7.99
1982	32,673,000	6.99

‡ Adjusted to reflect stock split.

Income Account *

Year ended	12/28/86 (53 weeks)	12/29/85
Net sales	\$ 178,264,000	\$ 116,292,000
Cost of sales	138,622,000	90,954,000
Expenses	24,758,000	14,303,000
Interest expense	3,462,000	1,737,000
Gain on sale	—	(576,000)
Income bef. taxes	\$ 11,422,000	\$ 9,874,000
Income taxes	5,386,000	4,562,000
Net Income	\$ 6,036,000	\$ 5,312,000

* Included in Costs and Expenses, Depreciation: \$5,154,000 in 1986 and \$3,887,000 in 1985.

Assets

As of	12/28/86	12/29/85
Cash	\$ 3,460,000	\$ 1,120,000
Accts. & notes rec., net	32,372,000	15,157,000
*Inventories	34,332,000	22,948,000
Prepaid expenses & def. inc. taxes	707,000	286,000
Current Assets	\$ 70,871,000	\$ 39,511,000
#Fixed assets	48,931,000	31,914,000
Other assets	11,792,000	2,437,000
Total Assets	\$ 131,594,000	\$ 73,862,000

Liabilities

Long-term debt, curr.	\$ 8,335,000	\$ 4,335,000
Accounts payable	5,921,000	2,509,000
Accrued payroll	2,387,000	1,576,000
Accrued property taxes	653,000	472,000
Accrued pensions	121,000	883,000
Accrued interest	3,524,000	1,385,000
Income taxes	6,644,000	120,000
Curr. Liabilities	\$ 27,585,000	\$ 10,880,000
Long-term debt	44,968,000	10,703,000
Deferred inc. taxes	7,617,000	6,317,000
+ Common stock	10,804,000	10,413,000
Retained earnings	40,620,000	35,549,000
Total Liabilities & Shareholders' Equity	\$ 131,594,000	\$ 73,862,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.41	8.49
%Net Income to Sales	3.39	4.57
%Net Income to Equity	11.74	11.56
Sales to Inventories	5.19	7.67
Debt to Equity	0.87	0.33
Working Capital	\$43,286,000	\$28,631,000
Current Ratio	2.57	3.63
Shareholders' Equity	\$51,424,000	\$45,962,000

Aileen, Inc.

331 East 38th Street
New York, New York 10016
(212) 679-7010

Officers: Abe Oberlin, chairman of the board & president; C.W. Lillard, Francis Holden, v.p.'s; Harold J. Lash, v.p., treasurer & asst. secretary; Alvin M. Stein, secretary.

Directors: Abe Oberlin, Wilbur L. Ross, Jr., Isidor B. Seidler, Francis Holden, Harold J. Lash, C.W. Lillard.

Business Activities: Engaged in the production and marketing of women's apparel, including skirts, shorts, slacks, blouses, sweaters and jackets.

Trademarks and/or Brand Names: Aileen, The Red-i, Sport-i, Aileen II.

Plant Location(s): Calpeper, Edinburg, Flint Hill, New Market, South Hill, Victoria, & Woodstock, Virginia.

Divisions:

Aileen Division
1411 Broadway
New York, New York 10018
Manufactures moderately priced active sportswear for the young woman.

The Aileen II Division

1411 Broadway
New York, New York 10018
Manufactures large-sized women's clothing.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: AEE

Sales and Earnings

	Net Sales	Net Income
1986	\$ 44,774,000	\$ (2,403,000)
1985	53,259,000	112,000
1984*	54,205,000	(1,951,000)
1983	49,798,000	(193,000)
1982	52,852,000	(4,566,000)

No. of Com. Shares

1986	5,087,180	\$ —
1985	5,075,888	—
1984*	5,075,534	—
1983	5,067,826	—
1982	5,067,488	—

(Loss)

* 53 weeks.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 29,182,000	\$ 5.72
1985	31,511,000	6.21
1984	31,399,000	6.19
1983	33,343,000	6.57
1982	33,520,000	6.61

Income Account *

Year ended	11/1/86	11/2/85
Net sales	\$ 44,774,000	\$ 53,259,000
Other income	271,000	75,000
Total income	\$ 45,045,000	\$ 53,334,000
Cost of sales	30,614,000	38,703,000
Expenses	15,384,000	13,873,000
Interest expense	50,000	246,000
Prov. for idle plant costs	1,400,000	400,000
Net Income (Loss)	\$ (2,403,000)	\$ 112,000

* Included in Costs and Expenses, Depreciation and Amortization: \$2,163,000 in 1986 and \$2,270,000 in 1985.

Assets

As of	11/1/86	11/2/85
Cash	\$ 1,185,000	\$ 985,000
Accts. receiv., net	6,415,000	11,421,000
*Inventories	13,001,000	9,046,000
Other assets	410,000	280,000
Current Assets	\$ 21,011,000	\$ 21,732,000

#Fixed assets	12,755,000	13,499,000
Fixed assets held for sale	5,221,000	6,221,000
Other assets	213,000	98,000
Total Assets	\$ 39,200,000	\$ 41,550,000

Liabilities

Bank loan	\$ 2,171,000	\$ 2,101,000
Long-term debt, curr.	769,000	769,000
Accts. payable	3,016,000	1,926,000
Accruals	2,524,000	2,935,000
Curr. Liabilities	\$ 8,480,000	\$ 7,731,000
Long-term debt	1,538,000	2,308,000
+ Common stock	5,103,000	5,076,000
Add. paid-in capital	11,446,000	11,399,000
Retained earnings	12,633,000	15,036,000
Total Liabilities & Shareholders' Equity	\$ 39,200,000	\$ 41,550,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Net Income to Sales	—	0.21
%Net Income to Equity	—	0.36
Sales to Inventories	3.44	5.89
Debt to Equity	0.05	0.10
Working Capital	\$12,531,000	\$14,001,000
Current Ratio	2.48	2.81
Shareholders' Equity	\$29,182,000	\$31,511,000

Alba-Waldensian, Inc.

P.O. Box 100
201 St. Germain S.W.
Valdese, North Carolina 28690
(704) 874-2191

Officers: William D. Schubert, president and chairman of the board; William F. Karnbach, exec. v.p.; Robert A. Nelson, Ronald W. Scott, v.p.'s; Van C. Irwin, treasurer & secretary.

Directors: Louis W. Garrou, J.A. Griette, W. Harold Mitchell, C. Alan Forbes, Andrew M. Kittler II, William D. Schubert, Howard O. Walker, Clyde Wm. Engle, Joseph Minio, Les N. Mortenson.

Business Activities: Manufactures women's hosiery products, including seamless hosiery, pantyhose, support hosiery products and novelty hosiery; men's hosiery products, including work, dress, casual, support and athletic socks; women's intimate apparel products include briefs and bikinis and related cut and sewn products including pant liners; health care products include bra cotton and nylon anti-embolism hosiery products as well as other specialty products for medical supply distribution, and accessories.

Trademarks and/or Brand Names: Roman Stripe, Alba, Swallow Turtleneck, XX Span, Sani Terry, Cotton Aire, Antrol, Lycra, BBW, Special Edition, Ultimates, Electric Sock, All Day Long, Somebody, Certainly Me, Proportion Plus, Life Span.

Plant Location(s): Valdese, Charlotte and Graham, North Carolina.

Divisions:

Consumer Products Division

Products include women's intimate apparel, women's sheer hosiery, dance/exercise apparel, and men's underwear.

Health Care Products Division

Manufactures products for use in hospitals, nursing homes, doctors' offices, and homes.

Waldensian Sock Division

Men's socks, high-fashion women's hosiery products, casual socks for large women.

Subsidiaries:

Pilot Research Corporation
Engaged in research and equipment development and holds a number of patents for machinery and products here and abroad.

Transfer Agent(s):

Wachovia Bank & Trust Company, N.A.
Winston-Salem, North Carolina

Stock Exchange(s): American

Ticker Symbol: AWS

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 43,735,152	\$ 898,457
1985	41,524,479	(1,833,126)
1984	47,534,689	639,734
1983	46,678,000	3,030,320
1982	44,429,000	67,329

	No. of Com. Shares #	Earn. per Share #
1986	1,861,230	\$ 0.48
1985	1,860,784	—
1984	1,837,332	0.34
1983	1,678,284	1.81
1982	1,345,580	0.05

(Loss)

+ Of continuing operations only.

Based on the weighted average number of shares outstanding.

Revenue By Line of Business

	1986	1985	1984	1983
Women's hosiery products	20.7%	23.0%	27.2%	16.2%
Women's intimate products	40.8	39.4	28.3	33.3
Men's hosiery products	11.3	12.5	11.7	11.7
Women's dance & exercise prods.	11.8	9.9	16.3	23.1
Health care prods.	15.4	14.9	13.0	10.6

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	0.15	—	—
1983	0.15	—	—
1982	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share #
1986	\$ 23,196,337	\$ 12.46
1985	22,297,880	11.98
1984	24,123,131	12.99
1983	23,748,019	14.15
1982	13,238,293	9.84

Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 43,735,152	\$ 41,524,479
Cost of sales	37,235,790	37,209,864
Expenses	5,879,797	6,430,123
Oper. profit (loss)	\$ 619,565	\$ (2,115,508)
Other income	(188,982)	(88,778)
Interest expense	492,081	448,379
Interest income	(50,214)	(89,102)
Gain on sale	(547,947)	(61,314)
Income (loss) bef. taxes	\$ 914,627	\$ (2,324,693)
Income taxes (credit)	16,170	(491,567)
Net Income (Loss)	\$ 898,457	\$ (1,833,126)

* Included in Costs and Expenses, Depreciation and Amortization: \$391,846 in 1986 and \$815,144 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 875,280	\$ 996,531
Notes receiv.	96,051	4,765
Accts. receiv., net	7,390,826	7,274,946
Inventories	13,734,314	11,405,737
Prepaid expenses	563,957	608,278
Current Assets	\$ 22,660,428	\$ 20,290,257
Fixed assets	8,965,892	9,754,656
Other assets	4,594,979	2,719,012
Total Assets	\$ 36,221,299	\$ 32,763,925

Liabilities

Notes payable	\$ 5,000,000	\$ 2,500,000
Notes payable—other	86,720	72,657
Revenue bond, curr.	614,760	596,652
Accts. payable	2,413,912	1,847,954
Accruals	319,223	88,258
Accrued payroll	351,241	437,506
Misc. taxes	159,055	315,601
Income taxes payable	16,170	686
Curr. Liabilities	\$ 8,960,081	\$ 5,859,314
Long-term debt	2,346,665	3,015,477
Deferred compensation	608,416	561,454
Deferred inc. taxes	1,029,800	1,029,800
+ Common stock	4,713,325	4,713,325
Add. paid-in capital	9,178,096	9,178,096
Retained earnings	9,614,119	8,715,662
Treasury stock	(309,203)	(309,203)
Total Liabilities & Shareholders' Equity	\$ 36,221,299	\$ 32,763,925

* At lower of cost or market.

Less accumulated depreciation.

+ \$2.50 par value.

Statistical Summary

%Income bef. Taxes	2.09	—
to Sales	2.05	—
%Net Income to Sales	3.87	—
%Net Income to Equity	3.18	3.64
Sales to Investments	0.32	0.25
Debt to Equity	\$13,700,347	\$14,430,943
Working Capital	3.53	3.46
Current Ratio	\$23,196,337	\$22,297,880
Shareholders' Equity		

Allied-Signal Inc.

(formerly Allied Corporation)

Columbia Road and Park Avenue
P.O. Box 4000R
Morristown, New Jersey 07960
(201) 455-2000

Officers: Edward L. Hennessy, Jr., chairman of the board & chief executive officer; Forrest N. Shumway, vice chairman; Daniel W. Derbes, exec. v.p. & pres.-Allied-Signal International Inc.; Robert I. Kirk, exec. v.p.-pres. & chief exec. officer, Aerospace Company; Alan Belzer, exec. v.p.-pres., engineer materials; Roy M. Ekrom, exec. v.p.-pres.-Garrett Aerospace; William C. Purple, exec. v.p.-pres., Bendix Aerospace; J. Mason Reynolds, exec. v.p.-pres., automotive; Gerard L. Seeling, exec. v.p.-pres.-electronics & instrumentation; Donald R. Kayser, sr. v.p. & chief financial officer; L. James Colby, Jr., sr. v.p.-technology; Brian D. Farrow, sr. v.p., secretary & general counsel; Edwin M. Halkyard, sr. v.p.-human resources; David G. Powell, sr. v.p.-public affairs; John W. Barter, sr. v.p.-planning, development & administration; Edward W. Callahan, v.p.-health, safety & environmental science; William F. Loftus, v.p. & treasurer; Ricardo R. Alvarez, v.p.-gov't relations; J. Thomas Zusi, v.p. & controller; G. Peter D'Aloia, v.p.-taxes.

Directors: Jewel Plummer Cobb, Charles W. Nichols, Jr., Edward L. Hennessy, Jr., Donald W. Davis, William R. Haelton, Robert D. Kilpatrick, Theodore C. Rogers, Stanley P. Porter, Richard R. Shinn, Thomas P. Stafford, Edward J. Boling, Ralph P. Davidson, Carl Anderson Hills, Richard A. Lemon, Forrest N. Shumway, Arthur Temple, Rawleigh Warner, Jr.

Business Activities: The Company's operations are conducted under three business segments: aerospace/electronics; automotive; and engineered materials.

Engineered materials include nylon filament and staple fibers, apparel fibers, process technologies, catalysts and sorbents, circuit board laminates, engineered plastics, fluorocarbons, high density polyethylene, low-molecular-weight polyethylene, hydrofluoric acid, performance films, uranium hexafluoride, specialty eximes, image transfer products amorphous metal alloys, sulfur hexafluoride, and tar products.

Aerospace/electronics products include turbofan/turboprop engines, gas turbine engines, auxiliary power units, integrated avionics systems, automatic test systems, wheels and brakes, weather radar systems, flight control actuators, fuel controls, ignition systems, pneumatic hydraulic, electro-mechanical control systems, gyroscopic devices, secure communications devices, environmental systems, anti-submarine systems, communications systems, missile components and systems, space pointing and control systems, air data computers, data management systems, heat transfer systems, torpedo propulsion systems, electric generating systems, fiber optics, electrical and electronic connectors and components, flat ribbon cable and assemblies, professional video recorders and video processing systems, magnetic recording media, laser-based phototypesetting equipment, fluid measurement devices, precision bearings, and electronic sensors.

Automotive products include air and hydraulic brake systems and components, filters, spark plugs, turbo-chargers, and safety restraints.

Fiber Plant Location(s): Monrovia, N.C.; Columbia, S.C.; Hopewell, Va.; Philadelphia, Pa.

Textile Trademarks and/or Brand Names: Caprolan, Anso, Anso IV, Anso V, Anso X, Captiva, Captins, Capima, Hydroll.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York, Midwest, Pacific, Toronto, Amsterdam, Paris, Basle, Geneva, Zurich

Ticker Symbol: ALD**Sales and Earnings**

	Net Sales + (000's)	Net Income (000's)
1986	\$ 11,794,000	\$ 605,000
1985	9,115,000	(279,000)
1984	9,464,000	488,000
1983	8,682,000	98,000
1982	4,902,000	272,000

	No. of Com. Shares †	Earn. per Share #
1986	1,775,520	\$ 3.26
1985	175,194	456
1984	83,029	334
1983	80,188	947
1982	52,874	935

(Loss)

+ Of continuing operations only.

† Adjusted to reflect stock split.

Based on the weighted average number of shares outstanding, adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Automotive	\$ 2,874,000	\$ 2,428,000
Aerospace	6,068,000	3,593,000
Engineered materials	2,819,000	2,081,000
Unallocated	33,000	1,013,000
Total	\$ 11,794,000	\$ 9,115,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.80	—	—
1985	1.80	—	—
1984	1.75	—	3-for-2
1983	1.60	—	—
1982	1.60	—	—

+ Adjusted to reflect stock split.

Allied-Signal Inc.

Common Stock Equity (000's)		
	Total Equity	Equity Per Share
1986	\$ 3,670,000	\$ 21.06
1985	5,833,000	33.29
1984	2,747,000	33.07
1983	2,455,000	30.61
1982	2,613,000	38.07

‡ After allowing for preferred stock at stated value.

Income Account * (000's)		
Year ended Dec. 31	1986	1985
Net sales	\$ 11,794,000	\$ 9,115,000
Cost of sales	9,111,000	7,080,000
Expenses	1,631,000	1,140,000
Restruct. expenses	—	247,000
Oper. profit	\$ 1,052,000	\$ 648,000
Other income	(160,000)	(54,000)
Non-recurring items	—	270,000
Interest expense	270,000	182,000
Income before taxes	\$ 942,000	\$ 250,000
Income taxes	302,000	502,000
Eq. in loss (inc.) of affil. cos.	35,000	(39,000)
Loss in The Henley Group	—	66,000
Net Income (Loss)	\$ 605,000	\$ (279,000)

* Included in Costs and Expenses. Depreciation; Depletion and Amortization: \$368,000,000 in 1986 and \$362,000,000 in 1985.

Assets (000's)		
As of Dec. 31	1986	1985
Cash & short-term secur.	\$ 193,000	\$ 1,125,000
Accts. & notes receiv., net	1,501,000	1,407,000
*Inventories	2,451,000	2,125,000
Other curr. assets	461,000	303,000
Current Assets	\$ 4,606,000	\$ 4,960,000
Invest. & long-term receiv.	711,000	3,152,000
†Fixed assets	3,514,000	3,153,000
Intangibles	1,990,000	1,416,000
Other assets	447,000	590,000
Total Assets	\$ 11,268,000	\$ 13,271,000

Liabilities (000's)		
As of Dec. 31	1986	1985
Accts. payable	\$ 1,883,000	\$ 1,506,000
Comm. paper	360,000	219,000
Short-term borrowings	358,000	225,000
Long-term debt, curr.	135,000	43,000
Accruals	919,000	1,025,000
Curr. Liabilities	\$ 3,655,000	\$ 3,018,000
Long-term debt	2,127,000	2,086,000
Deferred inc. taxes	569,000	377,000
Other liab.	1,179,000	1,335,000
+ Redeem. pref. stock	52,000	325,000
+ Preferred stock	16,000	297,000
+ + Common stock	179,000	176,000
Add. paid-in capital	2,584,000	4,836,000
Retained earnings	1,155,000	938,000
Treasury stock	(190,000)	(19,000)
Currency trans. adj.	(58,000)	(98,000)
Total Liabilities & Shareholders' Equity	\$ 11,268,000	\$ 13,271,000

* At lower of cost (LIFO, FIFO or average) or market.

† Less accumulated depreciation, depletion and amortization.

+ No par value.

+ + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	7.99	2.74
%Net Income to Sales	5.13	—
%Net Income to Equity	16.41	—
Debt to Equity	4.81	0.38
Working Capital	\$ 951,000,000	\$1,942,000,000
Current Ratio	1.26	1.64
Shareholders' Equity	\$3,686,000,000	\$6,130,000,000

Amoco Corporation

(Formerly Standard Oil Company (Indiana))

200 East Randolph Drive
Chicago, Illinois 60601
(312) 856-6111

Officers: Richard M. Morrow, chairman of the board; H. Laurance Fuller, president; James W. Cozad, vice-chairman; Walter R. Peirson, Leland C. Adams, Richard H. Leet, exec. v.p.'s; Joe P. Hammond, v.p.-public & government affairs; Edward A. Mason, v.p.-research; L. Bates Lea, v.p. & general counsel; Robert K. Boknecht, v.p.-employee relations; Rudy A. Johnson, v.p.-government affairs; Rodger W. Murtough, v.p.-planning & economics; Frederick S. Addy, v.p.-financial operations; John J. Gobeil, v.p. & general tax counsel; James E. Allard, v.p. & treasurer; Ronald E. Callahan, secretary; William R. Hutchinson, v.p. & controller; William G. Lowrie, v.p.-information services.

Directors: Richard M. Morrow*, chairman; Arthur E. Rasmussen, Robert H. Malott, Richard D. Wood, James W. Cozad*, Walter R. Peirson*, Leland C. Adams*, James C. Fletcher, Karl D. Bays, Richard J. Ferris, Frederick G. Jaicks, H. Laurance Fuller*, John H. Bryan, Jr., Walter E. Massey, Richard H. Leet*, Henry O. Boswell, Ruth S. Block.

* Member of the Executive Committee.

Business Activities: Engaged worldwide in crude oil and natural gas exploration, production, purchasing, and transportation and in manufacturing, transporting, and marketing petroleum products, including chemicals, polymers, plastics and fertilizers. It has interests in minerals and real estate. Also produces synthetic fabrics, including polypropylene fabrics used for carpet backing, protective coverings and soil stabilization; and continuous filament carpet yarn.

Plant Location(s): Roanoke & Andalusia, Alabama; Atlanta, Bainbridge, Hazlehurst & Nashville, Georgia; Afon, Virginia; Lowell, North Carolina; Brantford, Cornwall & Hawkesbury, Canada.

Textile Trademarks and/or Brand Names: Marquesa Lana, PP Patchogue Plymouth, Poly Bac, Propex, Poly Needle Bac, Poly Double Bac, Patlon, Poly Bac II, Action Bac, Amoco, Propex III, Synera, AmoWeve.

Textile Subsidiary:

Amoco Fabrics Company
550 Interstate North
Atlanta, Georgia 30339

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
P.O. Box 469 Plaza
Washington Bridge Station
New York, New York 10033

The First National Bank of Chicago
Stock Transfer Dept., 0122
One First National Plaza
Chicago, Illinois 60670

The National Trust Company
41 King Street West
Toronto, Ontario, M5H 3W7 Canada

Stock Exchange(s): New York, Midwest

Ticker Symbol: SN

Sales and Earnings		
	Revenues (000's)	Net Income (000's)
1986	\$ 20,231,000	\$ 747,000
1985	28,873,000	1,933,000
1984	29,008,000	2,183,000
1983	29,494,000	1,868,000
1982	29,783,000	1,826,000
	No. of Com. Shares	Earn. per Share ‡
1986	255,700,810	\$ 2.91
1985	258,727,701	7.42
1984	271,428,940	7.70
1983	292,206,000	6.39
1982	292,184,202	6.25

‡ Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Petroleum industry: Explor. & prod. Refining, Mktg. & trans.	\$ 2,936,000	\$ 4,154,000
Chemical industry	14,126,000	21,244,000
Other industries	2,928,000	2,905,000
Unallocated	139,000	338,000
Total	\$ 20,231,000	\$ 28,873,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$3.30	—	—
1985	3.30	—	—
1984	3.00	—	—
1983	2.80	—	—
1982	2.80	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	\$ 11,324,000	\$ 44.29
1985	11,588,000	44.79
1984	12,524,000	46.14
1983	12,440,000	42.57
1982	11,426,000	39.11

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales & other revenues	\$ 18,281,000	\$ 26,922,000
Consumer excise taxes	1,753,000	1,615,000
Other income	197,000	336,000
Total Income	\$ 20,231,000	\$ 28,873,000
Cost of sales	7,593,000	12,569,000
Expenses	5,496,000	6,554,000
Taxes	2,591,000	3,448,000
Depreciation, depletion & amortization	2,418,000	2,059,000
Interest expense	445,000	432,000
Income bef. taxes	\$ 1,588,000	\$ 3,811,000
Income taxes	841,000	1,858,000
Net Income	\$ 747,000	\$ 1,953,000

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 116,000	\$ 157,000
Marketable securities	325,000	834,000
Accts. & notes receiv., net	2,554,000	3,226,000
*Inventories	865,000	940,000
Prepaid expenses	340,000	385,000
Current Assets	\$ 4,200,000	\$ 5,542,000

Investments & other assets	1,337,000	1,234,000
#Fixed assets	18,169,000	18,422,000
Total Assets	\$ 23,706,000	\$ 25,198,000

Liabilities		
(000's)		
Long-term debt & cap. lease oblig., curr.	\$ 236,000	\$ 297,000
Short-term borrowings	174,000	437,000
Accts. payable	2,289,000	3,456,000
Accruals	872,000	796,000
Income & other taxes	1,019,000	1,295,000

Curr. Liabilities	\$ 4,590,000	\$ 6,281,000
Long-term debt	2,910,000	2,424,000
Long-term obligations	83,000	342,000
Cap. lease oblig.	327,000	356,000
Deferred credit	4,466,000	4,202,000
Minority interest	6,000	5,000
+ Common stock	1,875,000	2,234,000
Retained earnings	9,610,000	12,142,000
For. curr. trans. adj.	(161,000)	(201,000)
Treasury stock	—	(2,587,000)

Total Liabilities & Shareholders' Equity	\$ 23,706,000	\$ 25,198,000
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* At lower of cost or market. Crude oil, petroleum prod., chemical prod., U.S. inventories of mineral ores and concentrates at LIFO. All others at FIFO or average.

Less accumulated depreciation, depletion and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes		
to Sales & Revenues	8.69	14.16
%Net Income to Sales		
& Revenues	4.09	7.25
%Net Income to Equity	6.60	16.85
Debt to Equity	0.26	0.33
Shareholders' Equity	\$11,324,000,000	\$11,588,000,000

Andover Togs, Inc.

One Penn Plaza
New York, New York 10119
(212) 244-0700

Officers: William L. Cohen, chairman, president & chief exec. officer; Stephen Fenyes, v.p.-administration; Stanley Schmoller, v.p.-mfg.; Donald D. Shack, secretary; Bernard Pliskin, treasurer & chief financial & accounting officer.

Directors: William L. Cohen, chairman; Peter A. Cohen, Mel Schnell, Donald D. Shack, Irwin M. Taylor, Bernard Pliskin.

Business Activities: Designs, manufactures, imports, and markets a full line of non-branded, popular-priced children's active sportswear. The Company also manufactures children's outerwear and a limited line of women's active sportswear.

Acquisition:

Lori Lee, Inc.
Clinton, North Carolina
Manufactures and imports children's outerwear.

Plant Location(s): Pisgah, Stevenson, Skyline, Alabama; Canton, Georgia, Clinton, North Carolina.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ATOG (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 51,257,000	\$ 2,021,000
1985	43,805,000	1,925,000
1984	39,652,000	1,492,000
1983	29,662,000	1,146,000
1982	26,819,000	739,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,879,000	\$ 0.70
1985	2,500,000	0.77
1984	2,500,000	0.60
1983	2,500,000	0.46
1982	2,500,000	0.29

‡ Pro forma.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 14,640,000	\$ 4.44
1985	4,786,000	1.91
1984	4,672,000	1.87
1983	4,602,000	1.84
1982	4,641,000	1.86

Income Account *

Year ended Nov. 30	1986	1985
Net sales	\$ 51,257,400	\$ 42,804,600
Cost of sales	38,054,100	31,303,500
Expenses	8,406,300	6,708,300
Interest expense	723,700	948,700
Eg. in loss of joint venture	193,000	90,000
Income before pro forma taxes	\$ 3,880,300	\$ 3,754,100
Pro forma income taxes	1,859,000	1,829,000
Net Income	\$ 2,021,300	\$ 1,925,100

* Included in Costs and Expenses, Depreciation and Amortization: \$485,800 in 1986 and \$437,600 in 1985.

Assets

	1986	1985
As of Nov. 30		
Cash	\$ 150,100	\$ 122,600
Accts. receiv., net	9,374,700	5,468,300
*Inventories	13,378,400	10,465,700
Other curr. assets	1,213,100	387,700
Current Assets	\$ 24,116,300	\$ 16,444,300
#Fixed assets	5,000,800	3,876,000
Other assets	307,300	560,200
Total Assets	\$ 29,424,400	\$ 20,880,500

Liabilities

Notes payable		
Long-term debt & cap. lease oblig., curr.	\$ 4,250,000	\$ 4,200,000
Accts. payable	411,400	468,600
Accruals	4,148,000	3,953,900
S Corporation distr. pay.	2,282,500	1,669,100
	313,100	2,091,300
Curr. Liabilities	\$ 11,405,000	\$ 12,382,900
Long-term debt & cap. lease oblig.	3,036,800	3,445,800
Deferred inc. taxes	342,500	265,500
+ Common stock	330,000	250,000
Add. paid-in capital	9,350,400	399,200
Retained earnings	4,959,700	4,137,100
Total Liabilities & Shareholders' Equity	\$ 29,424,400	\$ 20,880,500

* At lower of cost (average) or market.
Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	7.57	8.77
%Net Income to Sales	3.94	4.50
%Net Income to Equity	13.81	40.22
Sales to Inventories	3.83	4.09
Debt to Equity	0.21	1.70
Working Capital	\$12,711,300	\$4,061,400
Current Ratio	2.11	1.33
Shareholders' Equity	\$14,640,100	\$4,786,300

Angelica Corporation

10176 Corporate Square Drive
Suite 100
St. Louis, Missouri 63132
(314) 991-4150

Officers: Leslie F. Loewe, chairman of the board & chief exec. officer; Earl F. Neely, president & chief operating officer; Allyn J. Aach, Stephen L. Abekov, v.p.'s; James E. Steffoff, exec. v.p., pres.-Retail Group; Lawrence J. Young, exec. v.p.-Uniform Group; Theodore M. Armstrong, sr. v.p.-finance & administration & chief financial officer; Donald C. Wickard, v.p., president-Retail Stores; Robert M. Baker, treasurer; Linden Mann, controller, asst. secretary; Charles D. Malloy, controller; John S. Akerman, v.p.-human resources; Jill Winter, secretary, house counsel.

Directors: Leslie F. Loewe, chairman; Willard L. Levy, Edwin S. Jones, John D. Levy, Lee M. Liberman, Richard A. Meyer, Earl F. Neely, Elliot H. Stein, H. Edwin Trusheim, Robert C. West, William P. Stirtz, Earle H. Harbison, Jr.

Business Activities: Manufactures and markets uniforms and career apparel for institutions and businesses; operates a national chain of retail uniform and shoe stores; provides rental and laundry services of textiles and garments primarily to health care institutions.

Apparel Trademarks and/or Brand Names: Apples for Life, Anticipating Life, Just Right.

Divisions and Subsidiaries:

Manufacturing and Marketing

Angelica Uniform Group Inc.
700 Rosedale Avenue
St. Louis, Missouri 63112
(314) 889-1111

Designs, manufactures, warehouses and markets a line of washable and tailored non-washable vocational attire.

Angelica-Whitewear Ltd.
5650 Iberville Street
Montreal, Quebec, H2G 3E4 Canada
(514) 271-4671

Designs, manufactures, and markets vocational apparel.

Angelica Uniform of Canada, Ltd.
35 Suntract Road
Toronto, Ontario M9N 2V8
Canada
(416) 247-7482

Designs, manufactures and markets vocational apparel.

Retail Sales

Life Uniform & Shoe Shops
700 Rosedale Avenue
St. Louis, Missouri 63112
(314) 889-1111

Operates a nationwide chain of specialty stores selling a full line of uniforms, shoes and related accessories to individuals at retail.

Rental Services

Angelica Healthcare Services Group, Inc.
10176 Corporate Square Drive
Suite 150
St. Louis, Missouri 63132
(314) 991-2931

Angelica Healthcare Services Group, Inc.
Western Divisional Office
600 North Euclid Avenue
Anaheim, California 92801
(714) 535-2242

Provides delivery and cleaning on a rental basis of surgical specialty textiles, garments and hospital linens.

Angelica Healthcare Services Group, Inc.
Eastern Divisional Office
317 Linden Street
Scranton, Pennsylvania 18503
(717) 346-8761

Provides rental and laundry services of hospital linens and uniforms to hospitals; also provides linen usage cost control system.

Transfer Agent(s):

Cemmer Trust Company
St. Louis, Missouri

Angelica Corporation

Stock Exchange(s): New York

Ticker Symbol: AGL

Sales and Earnings

	Net Sales +	Net Income
1987	\$ 291,704,000	\$ 16,701,000
1986	269,099,000	17,159,000
1985	246,404,000	16,328,000
1984	220,318,000	15,154,000
1983	208,204,150	13,818,722

	No. of Com. Shares †	Earn. per Share ‡
1987	9,308,061	\$ 1.79
1986	9,291,832	1.84
1985	9,268,413	1.76
1984	9,260,730	1.63
1983	9,245,981	1.49

+ Includes rental service revenues.

† Adjusted to reflect stock split.

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Manufacturing & marketing	\$ 131,897,000	\$ 125,429,000
Rental serv.	137,168,000	127,109,000
Retail sales	32,801,000	26,231,000
Intersegment	(10,162,000)	(9,670,000)
Total	\$ 291,704,000	\$ 269,099,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.61	—	—
1986	0.59	—	—
1985	0.52	—	—
1984	0.48	—	—
1983	0.40	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1987	\$ 128,217,000	\$ 13.78
1986	116,623,000	12.56
1985	104,990,000	11.34
1984	93,713,000	10.13
1983	82,909,331	8.97

‡ After allowing for preferred stock and Class A preferred stock at liquidation value of \$100 per share.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	\$ 154,536,000	\$ 141,990,000
Service revenues	137,168,000	127,109,000
Total revenues	\$ 291,704,000	\$ 269,099,000
Cost of sales	98,337,000	94,356,000
Cost of services	104,211,000	93,877,000
Expenses	56,547,000	48,087,000
Other expense	353,000	404,000
Income before taxes	\$ 32,056,000	\$ 32,375,000
Income taxes	15,355,000	15,216,000
Net Income	\$ 16,701,000	\$ 17,159,000

* Included in Costs and Expenses. Depreciation: \$7,104,000 in 1987 and \$5,901,000 in 1986.

Assets

As of	1987	1986
Cash	\$ 5,345,000	\$ 13,989,000
Receivables	45,826,000	40,366,000
Inventories	56,977,000	47,414,000

Prepaid expenses	3,220,000	3,798,000
Linens in service	20,521,000	19,916,000

Current Assets	\$ 131,889,000	\$ 125,483,000
#Fixed assets	52,989,000	48,797,000
Other assets	10,080,000	9,037,000

Total Assets	\$ 194,958,000	\$ 183,317,000
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Liabilities

Long-term debt & cap. lease oblig., curr.	\$ 3,069,000	\$ 3,205,000
Accts. payable	11,058,000	12,263,000
Accrued payroll	5,178,000	4,848,000
Accruals	3,424,000	2,767,000
Income taxes	2,195,000	2,057,000
Deferred inc. taxes	5,846,000	5,572,000

Curr. Liabilities	\$ 30,770,000	\$ 30,712,000
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Long-term debt & cap. lease oblig.	25,236,000	26,756,000
Deferred compensation	3,942,000	3,290,000
Deferred inc. taxes	6,439,000	5,582,000
+ Preferred stock	286,000	286,000
+ + Class A Preferred stock	1,000	1,000
+ + + Common stock	9,308,000	9,292,000
Add. paid-in capital	710,000	482,000
Retained earnings	118,895,000	107,886,000
Translation adjust.	(629,000)	(970,000)

Total Liabilities & Shareholders' Equity	\$ 194,958,000	\$ 183,317,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$100 par value, 5% cumulative.

+ + \$1 stated value, convertible.

+ + + \$1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	10.99	12.03
%Net Income to Revenues	5.73	6.38
%Net Income to Equity	12.99	14.67
Sales to Inventories	2.71	5.68
Debt to Equity	0.20	0.26
Working Capital	\$101,119,000	\$ 94,771,000
Current Ratio	4.29	4.09
Shareholders' Equity	\$128,571,000	\$116,977,000

Athlone Industries, Inc.

200 Webro Road
Parishan, New Jersey 07054
(201) 887-9100
(212) 425-6550

Officers: Harold J. Miller, chairman of the board & president; Daniel J. Lyons, exc. v.p.; Alan Shaw, v.p., secretary & gen. counsel; Fred Engelhardt, financial v.p. & treasurer; Robert L. Wood, Raymond P. Fisher, v.p.'s; Charles E. Quinby, v.p. & controller; Elitza M. Meyer, asst. general counsel & asst. secretary; William L. Gimms, asst. controller.

Directors: Harold J. Miller*, chairman; Fred Engelhardt, Stanley Harris, Eugene J. Keogh*, Theodore W. Kheel*, Daniel J. Lyons*, Samuel Perlman, Walter R. Rech, Walter J. Roper, Alan Shaw.

* Member of the Executive Committee.

Business Activities: Engaged in the production and sale of women's shirts, blouses and tops, swimwear and shoes; softballs and other sporting goods; stainless steel plate, tool steels, alloy steels and selected carbon specialties; industrial fasteners, nuts, bolts, screws and washers.

Apparel Trademarks and/or Brand Names: Sea Fashions of California, Lee Mar, Marlyle, Hamp Shires, Sea Weed of California.

Divisions and Subsidiaries:

Gelfo Manufacturing Co., Inc.
650 Castagne Road
Jericho, New York 11753
Manufactures women's, children's and junior swimwear.

Sea Fashions Inc. ("Sea Fashions of California")
100 East 9th Street
Los Angeles, California 90015
Manufactures women's, children's and junior swimwear.

Lee Mar of California
110 East 9th Street, Suite B-1292
Los Angeles, California 90015
Manufactures women's blouses, skirts and related separates.

Dudley Sports Co. ("Dudley")
120 Mill Street
Dublin, Pennsylvania 18917
Manufactures high-grade softballs.

Henschel Shoe Division
27 Rodington Street
Littleton, New Hampshire 03561
Manufactures hand-sewn and machine-sewn women's casual shoes.

Jensop Steel Company
500 Green Street
Washington, Pennsylvania 15301
Produces specialty metals, principally stainless steels, tool steels and nickel alloys.

Reynolds Fasteners, Inc.
300 Forest Drive
Greenville, New York 11548
Distributes imported industrial fasteners in the U.S.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd St.
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: ATH

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 195,010,000	\$ 1,559,000
1985	217,265,000	(32,393,000)
1984	218,016,000	6,048,000
1983	190,886,000	(493,000)
1982	195,880,000	2,338,000

	No. of Com. Shares	Earn. per Share ‡
1986	2,324,587	\$ 0.43
1985	2,319,837	—
1984	2,398,637	2.15
1983	2,395,294	—
1982	2,342,169	0.91

(Loss)

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Metal prods:		
Specialty steels	\$ 97,588,000	\$ 103,491,000
Industrial fasteners	47,002,000	54,346,000
Consumer prods.	50,420,000	59,428,000
Total	\$ 195,010,000	\$ 217,265,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.60	—	—
1985	1.60	—	—
1984	1.60	—	—
1983	1.60	—	—
1982	1.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 9,075,827	\$ 3.90
1985	12,237,199	5.28
1984	51,359,359	21.41
1983	50,235,664	20.97
1982	52,780,830	22.54

R.G. Barry Corporation

Income Account

Year ended Dec. 31	1986	1985
Net sales	\$ 195,010,000	\$ 217,265,000
Cost of sales	144,618,704	161,437,383
Expenses	28,156,118	32,826,499
Depreciation & amortization	3,558,403	3,953,259
Interest expense	18,148,901	15,245,299
Div. from pref. stock invest.	(2,644,126)	(3,204,440)
Write-downs of invest. in pref. stock	500,000	2,800,000
Gain on exting. of debt	-	(1,023,000)
Inc. bef. taxes	\$ 2,672,000	\$ 5,230,000
Income taxes	1,113,000	2,523,000
Inc. - cont. oper.	\$ 1,559,000	\$ 2,707,000
Loss - discont. oper.	-	(35,100,000)
Net Income (Loss)	\$ 1,559,000	\$ (32,393,000)

As of Dec. 31	1986	1985
Cash & cert. of dep.	\$ 12,359,327	\$ 11,419,132
Receiv., net	27,233,059	32,951,467
*Inventories	57,108,185	57,370,253
Other curr. assets	1,782,375	2,141,865
Current Assets	\$ 98,482,946	\$ 103,882,717
*Fixed assets	27,614,539	32,083,403
Other assets	8,398,790	5,556,134
Intangibles	19,787,283	19,965,684
Invest. in pref. stocks	21,883,577	25,273,175
Assets of discont. oper.	13,026,249	13,026,249
Total Assets	\$ 185,193,384	\$ 199,787,362

Liabilities	1986	1985
Notes payable	\$ 18,500,000	\$ 20,871,794
Long-term debt, curr.	1,027,890	102,265
Accts. payable	20,032,699	24,868,924
Accruals	11,724,090	13,624,550
Liab. of discont. oper.	5,308,776	7,833,977
Current Liabilities	\$ 56,593,455	\$ 67,301,510
Long-term debt	98,410,891	99,686,089
Deferred inc. taxes	993,689	986,830
Liab. of discont. oper.	46,770,704	16,257,360
+ Redeem. pref. stock	3,348,818	3,318,374
+ + Common stock	232,459	231,984
Add. paid-in capital	85,884	-
Retained earnings	10,130,670	12,835,502
Valuation allow. for eq. secur.	(1,373,186)	-
Curr. trans. adjust.	-	(830,287)
Total Liabilities & Shareholders' Equity	\$ 185,193,384	\$ 199,787,362

* At lower of average cost or market except Metal Products Group inventories at LIFO.
 # Less accumulated depreciation and amortization.
 + \$1 per value; nonconvertible.
 ++ \$0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.37	-
%Net Income to Sales	0.80	-
%Net Income to Equity	17.18	-
Sales to Inventories	3.41	3.79
Debt to Equity	10.84	9.86
Working Capital	\$41,889,491	\$36,581,207
Current Ratio	1.74	1.54
Shareholders' Equity	\$ 9,075,827	\$12,237,199

Barco of California

350 West Rosecrans Avenue
 Gardena, California 90247-0835
 (213) 323-7315

Officers: Kenneth Donner, chairman of the board & chief exec. officer; David S. Grotzman, vice chairman of the board, chief financial officer & secretary; Michael K. Donner, president, Patricia Uchimura, accounting mgr. & asst. secretary.

Directors: Kenneth Donner, David S. Grotzman, Louis Siegel, Wesley E. Bellwood, Irwin R. Buchalter, William Berland, Michael K. Donner.

Business Activities: Engaged in the manufacture and marketing of uniform and career apparel, primarily uniforms worn by nurses, doctors, dentists and beauticians.

Trademarks and/or Brand Names: Barco, Mr. Barco, Barco of California, The Right Impression, Elan by Barco, Portrait Clothes by Barco.

Plant Locations: Gardena & Los Angeles, California; Colorado City, Arizona.

Divisions:
 Identity Apparel Division
 Professional Apparel Division

Subsidiaries:
 Barco of Utah

Transfer Agent(s):
 City National Bank
 Los Angeles, California

Stock Exchange(s): American

Ticker Symbol: BRC

Sales and Earnings

	Net Sales	Net Income
1986	\$ 20,602,000	\$ (1,105,000)
1985	22,077,000	(179,000)
1984	24,733,000	278,000
1983	24,261,000	760,000
1982	27,157,000	789,000
	No. of Com. Shares #	Earn. per Share #
1986	2,105,640	\$ -
1985	2,105,640	-
1984	2,105,640	0.13
1983	2,105,640	0.36
1982	2,133,333	0.37

(Loss)
 # Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Professional uniforms	70.0%	63.0%	70.1%	80.0%
Career apparel	30.0	37.0	29.9	20.0
Total	100.0%	100.0%	100.0%	100.0%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ -	-	-
1985	-	-	-
1984	0.12	-	-
1983	0.12	-	-
1982	0.12	-	-

Common Stock Equity

	Total Equity	Equity Per Share #
1986	\$ 10,859,000	\$ 5.16
1985	11,964,000	5.68
1984	12,143,000	5.77

1983	12,117,000	5.75
1982	11,609,000	5.44

Based on the average number of shares outstanding.

Income Account * (000's)

Year ended	6/28/86	6/29/85
Net sales	\$ 20,602	\$ 22,077
Cost of sales	14,868	15,321
Expenses	7,862	7,092
Loss bef. taxes	\$ (2,128)	\$ (336)
Tax credit	(1,023)	(157)
Net Loss	\$ (1,105)	\$ (179)

* Included in Costs and Expenses, Depreciation and Amortization: \$279,000 in 1986 and \$454,000 in 1985.

Assets (000's)

As of	6/28/86	6/29/85
Cash	\$ 946	\$ 312
Accts. receiv., net	3,687	5,506
*Inventories	5,387	5,889
Refundable income taxes	809	340
Prepaid expenses	95	261
Current Assets	\$ 10,924	\$ 12,308
#Fixed assets	1,732	1,941
Other assets	351	496
Total Assets	\$ 13,007	\$ 14,745

Liabilities (000's)

Long-term debt, curr.	\$ 31	\$ 58
Accts. payable	1,205	1,400
Accruals	439	440
Accrued emp. ret. plan	81	67
Deferred taxes	392	784
Current Liabilities	\$ 2,148	\$ 2,749
Long-term debt	-	32
+ Common stock	2,106	2,106
Add. paid-in capital	39	39
Retained earnings	8,714	9,819
Total Liabilities & Shareholders' Equity	\$ 13,007	\$ 14,745

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$1 par value.

Statistical Summary

Sales to Inventories	3.82	3.75
Debt to Equity	-	0.01
Working Capital	\$ 8,776,000	\$ 9,559,000
Current Ratio	5.09	4.48
Shareholders' Equity	\$10,859,000	\$11,964,000

R.G. Barry Corporation

13405 Yarmouth Rd. N.W.
 Pickerington, Ohio 43147
 (614) 864-6400

Mailing Address:

P.O. Box 129
 Columbus, Ohio 43216

Officers: Gordon Zacks, chairman of the board & chief exec. officer; Wade M. Harn, president & chief operating officer; Robert Woodruff, v.p.-operations; Lauritz K. Knudsen, v.p.-sales; Matthew Chamlin, v.p.-marketing; Richard Burrell, v.p.-finance, treasurer & secretary.

R.G. Barry Corporation

Directors: Gordon Zacks, Edward Stan, Eugene Saypol, Harvey M. Krueger, William Ellis, Jr., Wade M. Ham, Richard L. Burrell, William Giovanello, Melvin L. Schotenstein.

Business Activities: Engaged in the production and distribution of leisure time comfort footwear (both leather and textile) for men, women and children. Principal outlets for Barry's footwear products are department stores and specialty shops.

Trademarks and/or Brand Names: Angel Treads, Dearfoams, Madye's, Snug Treads, Dearfoams For Kids, Dearfoams For Men.

Plant Location(s): Goldsboro, N.C.; San Angelo, Laredo, Texas; Ciudad Juarez, Ciudad Acuna & Nuevo Laredo, Mexico.

Divisions and Subsidiaries:

Bentley Sales Division
13405 Yarmouth Road
Pickerington, Ohio 43147
(614) 864-6400

Dearfoams Brands Sales Division
350 5th Avenue, Suite 1228
New York, New York 10118
(212) 947-7580

Barry de Mexico
Cesar Lopez de Lara Avenue
Nuevo Laredo, Mexico

Transfer Agent(s):

The Bank of New York
48 Wall Street
New York, New York 10005

Huntington National Bank of Columbus
Columbus, Ohio

Stock Exchange(s): American

Ticker Symbol: RGB

Sales and Earnings

	Net Sales	Net Income †
1986*	\$ 86,434,000	\$ 4,336,000
1985	95,710,000	(910,000)
1984	120,200,000	144,000
1983	102,721,000	1,076,000
1982	133,982,235	(8,568,000)
	No. of Com. Shares ‡	Earn. per Share ‡†
1986*	3,846,000	\$ 1.13
1985	3,816,000	—
1984	4,057,000	0.04
1983	3,867,000	0.28
1982	3,857,000	—

* 53 weeks.

(Loss)

† Including extraordinary gains of \$888,000 (\$0.23 per share) in 1986 and \$475,000 (\$0.16 per share) in 1983.

‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 24,972,000	\$ 6.49
1985	20,318,000	5.32
1984	23,319,000	5.75
1983	23,175,000	5.99
1982	22,054,000	5.72

Income Account *

	1/3/87 (53 weeks)	12/28/85
Year ended		
Net sales	\$ 86,434,000	\$ 95,710,000
Cost of sales	49,859,000	61,754,000
Expenses	29,923,000	32,509,000
Royalty income	(892,000)	(955,000)
Interest expense	1,677,000	2,312,000
Disposal of part of co.	—	1,000,000

Income (loss) before taxes	\$ 5,867,000	\$ (910,000)
Income taxes	2,419,000	—

Net Income (Loss)	\$ 3,448,000	\$ (910,000)
Extraord. gain	888,000	—

Net Income (Loss) & extraord. gain	\$ 4,336,000	\$ (910,000)
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* Included in Costs and Expenses, Depreciation: \$1,060,000 in 1986 and \$1,183,000 in 1985.

	As of	1/3/87	12/28/85
Assets			
Cash	\$	21,243,000	15,503,000
Accts. receiv., net		11,224,000	11,810,000
* Inventories		13,003,000	12,701,000
Prepaid expenses		2,219,000	1,487,000
Current Assets	\$	47,689,000	41,501,000
# Fixed assets		7,905,000	10,636,000
Other assets		1,005,000	1,085,000
Total Assets	\$	56,599,000	\$ 53,222,000

	As of	1/3/87	12/28/85
Liabilities			
Long-term debt, curr.	\$	1,664,000	1,308,000
Accts. payable		2,251,000	1,981,000
Accrued expenses		3,507,000	4,169,000
Accrued income taxes		1,508,000	—
Curr. Liabilities	\$	8,930,000	7,458,000
Other liabilities		508,000	60,000
Long-term debt		22,189,000	25,386,000
+ Common stock		3,846,000	3,816,000
Add. paid-in capital		13,302,000	13,216,000
Deferred compensation		(1,647,000)	(1,849,000)
Retained earnings		9,471,000	5,135,000
Total Liabilities & Shareholders' Equity	\$	56,599,000	\$ 53,222,000

* At cost (not in excess of market).

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.79	—
%Net Income to Sales	3.99	—
%Net Income to Equity	13.81	—
Sales to Inventories	6.65	7.54
Debt to Equity	0.89	1.31
Working Capital	\$38,759,000	\$34,043,000
Current Ratio	5.34	5.56
Shareholders' Equity	\$24,972,000	\$20,318,000

BASF Corporation

(Fibers Division)

P.O. Drawer D
Williamsburg, Virginia
(804) 887-6700

Note: BASF Corporation is a wholly owned subsidiary of BASF AG of Ludwigshafen, West Germany.

Officers (Fibers Division): R. Wayne Godwin, president; Roger R. Zoccolillo, group v.p.-marketing; Ray H. Dean, group v.p.-manufacturing; Klaus H. Messinger, sr. v.p.-administration; Albert R. Trevarthen, sr. v.p.-human resources; Wolfgang K. Martin, v.p.-research & development; Howell S. Lewis, controller.

Directors (BASF Corporation): Juergen F. Strube, chairman; Johannes Grobmann; Juergen Kammer; Hans Kopper; Norbert Rudolph; Edwin Stenzel; Frederick Bernthal, J. Larry Jameson; Wolfgang Ritter; Hans-Uwe Schenck.

Business Activities: The Fibers Division is engaged in the production and marketing of fibers and yarns, including nylon-6 and acrylic staple and yarns for apparel, home furnishings, and industrial end uses.

Trademarks and/or Brand Names: Zefran, Zeftron, Zeftron 500, Vivaan, Zefsport, Zantrel, Golden Glow, Golden Touch, Silky Touch, Ultra Touch, Strialine.

Plant Location(s): Anderson & Allendale & Central, S.C.; Preeton, Texas; Williamsburg, Va.; Sylva, Ga.; Annapolis, Ont., Canada; Lowland, Tenn; Enka, N.C.

Textile Subsidiary:

BASF Fibres Inc.
1565 Carling Avenue
Ottawa, Ontario
Canada K1Z 8R1
(613) 725-3685

Bay Mills Limited

277 Lakeshore Road East
Suite 400
Oakville, Ontario L6J 6J3
Canada
(416) 842-8808

Officers: S.F. Cerny, chairman & chief executive officer; S.R. Scotchmer, president; A.G. Farrell, I.G. Cooper, S.J. Nicholls, F.J. Kirschner, vice presidents; D.E. Minchin, v.p.-finance & secretary.

Directors: S.F. Cerny, E.J. Finn, P. Kaye, J.D. Loveridge, S.J. Nicholls, Z.D. Simo, G.D. Sutton, S.R. Scotchmer.

Business Activities: Bay Mills is a manufacturer and marketer of a wide range of engineered materials, most of which have a fiber base. Operates five decentralized divisions each of which has its own development, manufacturing, marketing and financial functions.

Trademarks and/or Brand Names: Baygard, Bamilex, Perm-Screen, Fibatope, Bayex, Glasgrid, Fibacrete, Glasfab, Stichtmat.

Plant Locations: Midland, St. Catharines, Burlington, & Brampton, Ontario; Calgary, Alberta; Montreal, Quebec; Albion, New York; Wichita Falls, Texas.

Divisions and Subsidiaries:

Midland Division

Midland, Ontario, Canada

Operates from a plant in Midland, Ontario, manufacturing engineered materials used to reinforce rubber, high performance plastic, plaster, asphalt, and wood. The company also produces reinforcement fabrics made of graphite and aramid fibers at this plant.

Bayex Division

St. Catharines, Ontario, Canada

Operates from plants in St. Catharines, Ontario, and Albion, New York. Produces non-woven materials for reinforcement of paper, insulation and roofing.

Bayex Incorporated

Albion, New York

Brampton Division

Brampton, Ontario, Canada

Operates from a plant in Brampton, Ontario, manufacturing fiberglass and aluminum insect screening, industrial screening, aluminum wire for coaxial cable and other industrial uses and electrical fence systems.

Homesfield Division

Brampton, Ontario, Canada

Operates from plants in Brampton and Calgary. Produces accessories for the manufacturers of windows, doors and aluminum siding in the construction industry. Les Produits Duvrany Inc., a 50% owned subsidiary, has a plant in Montreal producing the same range of products.

Advanced Composites Division
Burlington, Ontario, Canada

Operates from a plant in Burlington, Ontario, manufacturing fiber reinforced thermoplastic composites used in the winding of pipe, pressure vessels and tubing as well as structures for aerospace, military and automotive applications such as drive shafts and torsion arms. Glass, aramid and carbon fibers are combined with a wide range of thermoplastic polymers.

Les Produits Duvernay Ltd. (50% owned)
Montreal, Quebec, Canada

CerBay Company (50% owned)
Wichita Falls, Texas

This 50% owned joint venture, with CertainTeed Corporation, operates from a plant in Wichita Falls, Texas, and produces materials for the fiber reinforced plastics industry for marine and transportation applications.

Transfer Agent(s):

The Royal Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: BAY

Sales and Earnings			
	Net Sales +	Net Income ‡	
1987	\$ 86,035,000	\$	4,823,000
1986*	35,691,000		1,989,000
1985	71,157,000		5,661,000
1984	66,053,000		7,481,000
1983	46,519,000		1,259,000
	No. of Com. Shares †	Earnings per Share ‡	
1987	9,893,000	\$	0.49
1986*	9,893,000		0.20
1985	9,893,000		0.57
1984	9,810,000		0.76
1983	9,810,000		0.13

* 6 months.

+ Of continuing operations only.

‡ Includes extraordinary gain of \$1,527,000 (\$0.16 per share) in 1984.

† Adjusted to reflect stock splits.

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.117	—	—
1986	0.047	—	3-for-1
1985	0.071	—	3-for-1
1984	0.044	—	—
1983	0.044	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share †
1987	\$ 28,504,000	\$ 2.89
1986	25,346,000	2.56
1985	23,571,000	2.38
1984	18,456,000	1.88
1983	11,132,000	1.13

† Adjusted to reflect stock splits.

Income Account			
Year ended Jan. 31	1987	1986	(6 months)
Net sales	\$ 86,035,000	\$	35,691,000
Cost of sales	72,942,000		30,376,000
Depreciation & amortization	2,413,000		932,000
Interest expense	959,000		373,000
Profit-sharing plan	972,000		401,000
Income bef. taxes	\$ 8,749,000	\$	3,609,000
Income taxes	3,823,000		1,562,000
Minority interest	103,000		58,000
Net Income	\$ 4,823,000	\$	1,989,000

Assets			
As of Jan. 31	1987	1986	
Cash	\$ 2,913,000	\$	4,415,000
Accts. receiv., net	12,039,000		10,204,000
*Inventories	13,528,000		13,007,000
Prepaid expenses	516,000		233,000
Current Assets	\$ 28,996,000	\$	27,859,000
*Fixed assets	25,415,000		20,163,000
Def. charges & other assets	303,000		422,000
Total Assets	\$ 54,714,000	\$	48,444,000
Liabilities			
Due to bank	\$ 4,624,000	\$	4,539,000
Long-term debt, curr.	874,000		899,000
Accts. payable & accruals	9,481,000		6,536,000
Income taxes	45,000		(382,000)
Current Liabilities	\$ 15,024,000	\$	11,592,000
Long-term debt	6,194,000		7,375,000
Deferred income tax	4,403,000		3,653,000
Minority interest	489,000		478,000
+ Common stock	911,000		911,000
Add. paid-in capital	314,000		314,000
Retained earnings	27,349,000		23,680,000
Current trans. adjust.	30,000		441,000
Total Liabilities & Shareholders' Equity	\$ 54,714,000	\$	48,444,000

* At lower of cost (FIFO) and net realizable value.

‡ Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	10.17	10.11
%Net Income to Sales	5.61	5.57
%Net Income to Equity	16.86	7.85
Sales to Inventories	6.36	2.74
Debt to Equity	0.41	0.51
Working Capital	\$13,972,000	\$16,267,000
Current Ratio	1.93	2.40
Shareholders' Equity	\$28,604,000	\$25,346,000

Bayly Corp.

(50.8%-owned by OTF Equities, Inc.)

Bldg. 22
Denver Tech Center
Englewood, Colorado 80111
(303) 773-3850

Officers: David T. Marante III, chairman of the board & chief executive officer; Richard P. Thrush, president & chief operating officer; Edward Calligan, v.p.-new business development; Louis F. Costello, v.p. & chief financial officer; William H. Harrington, v.p. & pres.-Aspen Leaf; Joseph L. Holgerson, v.p.-operations; Kenneth R. Delk, v.p.-human resources; Calvin Tipton, secretary & treasurer; Peter Jackel, v.p. & pres.-OP Apparel Group; Roger Weyel, v.p.-Bayly Apparel.

Directors: David T. Marante III, chairman; Charles J. Bock, John J. Brinkel, Leet E. Denton, Ronald T. Hill, Charles F. Talbot, Jr., Richard P. Thrush.

Business Activities: Manufacturer of leisure and utility apparel, largely men's and boy's clothing. Jeans and leisure wear comprise the major portion of its operations. Also operates retail stores specializing in sports equipment and casual wear.

Trademarks and/or Brand Names: Ocean Pacific; Plain Pocket; O'Neill; Sun East; St. John's Bay; Mervyn's; Code Bleu; Fresh Squared.

Plant Location(s): Sanger & Visalia, Calif.; Pleasant Grove, Utah; Waco, Texas; Allende, Mexico; Jamaica.

Divisions:

Aspen Leaf Retail Division
Operates retail stores in Denver and Colorado Springs, Colorado, Minneapolis, and Dallas, Texas.

Bayly Apparel Division
Manufactures a wide assortment of men's, women's and children's clothing.

Transfer Agent(s):

Bank of America, N.T. & S.A.
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BAYL (NASDAQ)

Sales and Earnings			
	Net Sales +	Net Income +	
1986	\$ 182,504,000	\$	2,528,000
1985	158,592,000		(598,000)
1984	131,585,000		1,194,000
1983	101,632,000		3,204,000
1982	92,959,000		(2,531,000)
	No. of Com. Shares ‡	Earnings per Share ‡	
1986	2,394,000	\$	1.06
1985	2,401,000		—
1984	2,435,000		0.49
1983	2,409,000		1.33
1982	2,716,000		—

(Loss)

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)			
	1986	1985	
Apparel	\$ 173,832	\$	145,195
Retail	8,512		12,860
Other income	160		537
Total	\$ 182,504	\$	158,592

Common Stock			
	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.12	—	—
1985	0.12	—	—
1984	0.12	—	—
1983	0.07	—	4-for-1
1982	0.05	—	—

† Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity	Equity Per Share †
1986	\$ 24,527,000	\$ 10.25
1985	24,522,000	10.21
1984	25,292,000	10.39
1983	23,986,000	9.96
1982	23,463,312	8.64

† Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *			
Year ended Oct. 31	1986	1985	
Net sales	\$ 182,344,000	\$	158,055,000
Other income	160,000		537,000
Total income	\$ 182,504,000	\$	158,592,000
Cost of sales	123,542,000		113,321,000
Expenses	46,764,000		38,712,000
Shipping exp.	4,519,000		4,063,000
Interest expense	2,859,000		3,831,000

Bayly Corp.

Income (loss) bef. taxes	\$ 4,820,000	\$ (1,335,000)
Income taxes (credit)	2,292,000	(737,000)
Net Income (Loss)	\$ 2,528,000	\$ (598,000)

* Included in Costs and Expenses, Depreciation: \$4,174,000 in 1986 and \$4,030,000 in 1985.

Assets		
As of Oct. 31	1986	1985
Cash & cert. of deposit	\$ 3,773,000	\$ 3,360,000
Accts. receiv., net	20,387,000	17,431,000
Refundable taxes	1,403,000	2,813,000
*Inventories	38,810,000	23,253,000
Def. inc. tax benefits	270,000	306,000
Prepaid expenses	1,274,000	327,000
Current Assets	\$ 65,917,000	\$ 47,490,000
*Fixed assets	10,721,000	9,123,000
Other assets	4,150,000	6,176,000
Total Assets	\$ 80,788,000	\$ 62,789,000
Liabilities		
Notes payable	\$ 18,269,000	\$ 1,275,000
Long-term debt, curr.	2,211,000	3,885,000
Accts. payable	16,257,000	12,254,000
Accruals	8,315,000	5,362,000
Curr. Liabilities	\$ 45,053,000	\$ 22,776,000
Long-term debt	9,884,000	14,148,000
Deferred inc. taxes	1,324,000	1,343,000
+ Common stock	2,816,000	2,816,000
Add. paid-in capital	718,000	544,000
Retained earnings	25,913,000	23,662,000
Treasury stock	(4,920,000)	(2,500,000)
Total Liabilities & Shareholders' Equity	\$ 80,788,000	\$ 62,789,000

* At lower of cost (LIFO) or market.

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	2.64	—
%Net Income to Sales	1.39	—
%Net Income to Equity	10.31	—
Sales to Inventories	4.70	6.80
Debt to Equity	0.40	0.79
Working Capital	\$20,864,000	\$24,714,000
Current Ratio	1.46	2.09
Shareholders' Equity	\$24,527,000	\$24,522,000

Beebe's Creations, Inc.

9220 Activity Road
San Diego, California 92126
(619) 549-2922

Officers: Arjun C. Waney, president & chief executive officer; Luther A. Henderson, chairman; Steven P. Wyandt, executive v.p. & chief operating officer; Thomas P. Baumann, v.p. & chief financial officer; Eugene B. Price, II, Ronald I. Herron, Ervin Tullman, Hasbi Waney, vice presidents; John R. Valius, treasurer; Linda K. Maskovich, secretary.

Directors: Arjun C. Waney, Luther A. Henderson, Eugene B. Price, II, Terrance M. Gill.

Business Activities: The Company is a wholesale importer and distributor of women's sportswear manufactured to its specifications and distributed in the United States under Company brand labels and private retailer labels.

Trademarks and/or Brand Names: Pinet Noir, In Short, Avocado, Khazama, Transformer, Body Drama.

Divisions:

Beebe's Division

Markets women's woven blouses, shirts and unlined jackets in the popular-priced segment of the Junior market (ages 18 to 28).

In Short Division

Specializes in shorts, rompers, jumpsuits, skirts and dresses for the Junior market.

Khazama Division

Produces a full line of woven and knit garments for the Missy market (ages 28 to 48).

Transformer Division

Specializes in loungewear and intimate apparel.

Body Drama Division

Specializes in loungewear and intimate apparel.

Transfer Agent(s):

California First Bank
8155 Mercury Court
P.O. Box 2529
San Diego, California 92112

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BEBA (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 94,031,000	\$ 3,210,000
1985	46,436,000	1,762,000
1984	33,936,000	1,085,000
1983	17,304,000	281,000
1982	16,776,000	104,000
	No. of Com. Shares	Earn. per Share
1986	3,870,000	\$ 0.93
1985	2,365,000	0.77
1984	2,279,000	0.48
1983	2,279,000	0.12
1982	2,279,000	0.05

† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	0.06	—	—
1983	0.06	—	—
1982	0.02	—	—
Common Stock Equity			
	Total Equity	Equity Per Share	
1986	\$ 25,571,000	\$ 6.61	
1985	5,340,000	2.26	
1984	3,366,000	1.48	
1983	2,416,000	1.06	
1982	2,269,000	1.00	

Income Account *		
Year ended Aug. 31	1986	1985
Net sales	\$ 94,031,402	\$ 46,436,421
Cost of sales	71,619,642	35,738,859
Expenses	14,918,649	6,534,201
Profit sharing plan	186,700	1,431
Interest expense	867,042	744,984
Interest income	(82,860)	(129,334)
Income before taxes	\$ 6,522,229	\$ 3,546,280
Income taxes	3,312,426	1,673,700
Minority interest	—	110,850
Net Income	\$ 3,209,803	\$ 1,761,730

* Included in Costs and Expenses, Depreciation and Amortization: \$196,612 in 1986 and \$140,338 in 1985.

Assets		
As of Aug. 31	1986	1985
Cash	\$ 3,397,509	\$ 802,896
Accts. receiv., net	19,375,300	7,463,879
*Inventories	13,530,290	3,299,619

Deferred inc. taxes	947,784	271,942
Other curr. assets	310,167	289,337

Current Assets	\$ 37,561,050	\$ 12,127,673
*Fixed assets	1,192,120	1,208,535
Other assets	138,879	20,730
Total Assets	\$ 38,892,049	\$ 13,356,938

Liabilities		
Notes payable	\$ 6,799,816	\$ 5,327,901
Accts. payable & accruals	5,247,738	2,398,655
Income taxes	1,273,477	290,252
Curr. Liabilities	\$ 13,321,031	\$ 8,016,808
+ Common stock	17,392,644	371,559
Retained earnings	8,178,374	4,968,571
Total Liabilities & Shareholders' Equity	\$ 38,892,049	\$ 13,356,938

* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	6.94	7.64
%Net Income to Sales	3.41	3.79
%Net Income to Equity	12.55	32.99
Sales to Inventories	6.95	14.07
Debt to Equity	0.27	1.00
Working Capital	\$24,240,019	\$4,110,865
Current Ratio	2.82	1.51
Shareholders' Equity	\$25,571,018	\$5,340,130

Belding Heminway Company, Inc.

1430 Broadway
New York, New York 10018
(212) 944-6040

Officers: Richard Hausman, chairman of the board & chief executive officer; Samuel Hausman, Jack Hausman, Leo Hausman, vice chairman; Robert Brown, president & chief operating officer; Charles L. Randazzo, v.p. & secretary; Ronald V. Kaplan, v.p. & treasurer; Bernard Hellman, vice president; Charles J. Palermo, v.p. & controller; Bruce Klein, v.p., asst. secretary & corporate counsel; Richard F. Burke, Alan B. Sorrell, v.p.'s.

Directors: Jack Hausman, Leo Hausman, Samuel Hausman, Bernard Hellman, Richard T. Kropf, Robert H. Brown*, Martin C. Hausman*, Richard Hausman*, Bruce Hausman*, Alan B. Sorrell, Louis J. Leftkowitz*.

* Member of the Executive Committee.

Business Activities: Engaged in the production and sale of home sewing products, including threads, buttons, notions, zippers, sewing aids, and materials for embroidery, knitting, crocheting and hand weaving. Produces industrial threads and yarns as well as decorative fabrics sold principally to manufacturers of draperies, luggage and bedspreads. The Company also invests in real estate partnerships.

Trademarks and/or Brand Names: Le Chic, La Mode, Le Bouton, Costumaker, Permafrost, My Favorite Things, Loving Touch, Corticelli, Lily, Penn, Le Petite, Classic, and Boutique.

Plant Location(s): Watertown & Putnam, Conn.; Elizabeth, N.J.; Hendersonville & Spindale, N.C.; Emporia, Va.; Lansing, Iowa.

Divisions:

Industrial Division
Home Sewing Division
Real Estate

Subsidiaries:

B. Blumenthal & Co., Inc.
Belding Chemical Industries, Inc.
Belding Hausman, Inc.
Belding Real Estate Corporation

Bemis Company, Inc.

Belding International Corporation
Corticelli Real Estate Corporation
The Elmore Corporation
Interstate Cellular Network, Inc.
Pentapco, Inc.
Southampton Textile Company, Inc.
The Hixmington & Bartlett Manufacturing Company
Lanning Company, Inc.

Transfer Agent(s):
Registrar & Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: BHY

Sales and Earnings

	Net Sales	Net Income
1986	\$ 121,004,000	\$ 3,737,000
1985	113,202,000	4,311,000
1984	124,082,000	5,001,000
1983	113,620,000	5,114,000
1982	101,258,000	2,338,000
	No. of Com. Shares †	Earn. per Share †
1986	2,599,636	\$ 1.44
1985	2,758,828	1.56
1984	2,815,287	1.78
1983	2,925,540	1.75
1982	3,153,059	0.74

† Based on the average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Home sewing division	\$ 48,989	\$ 41,296
Industrial division	72,015	71,906
Total	\$ 121,004	\$ 113,202

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.40	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.39	—	—
1982	0.36	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 45,764,000	\$ 17.60
1985	47,041,000	17.05
1984	45,508,000	16.16
1983	42,822,000	14.64
1982	40,747,000	12.92

† Based on the average number of shares outstanding.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 121,004	\$ 113,202
Cost of sales	79,002	71,827
Expenses	32,589	33,138
Depreciation & amortization	2,983	3,184
Interest expense	1,739	1,447
Eq. in earn. of rl. est. partner	(745)	(1,910)
Gain on sale of invest.	(146)	(1,077)
Other income	(905)	(918)
Income before taxes	\$ 6,487	\$ 7,511
Income taxes	2,750	3,200
Net Income	\$ 3,737	\$ 4,311

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 4,266	\$ 2,053
Notes receivable	881	—
Accts. receiv., net	22,758	17,930
Misc. receiv.	1,440	1,056
*Inventories	32,960	32,418
Income taxes	185	182
Current Assets	\$ 62,490	\$ 53,639
*Fixed assets	12,358	12,876
Other assets & defer. charges	12,270	12,377
Intangibles	1,554	1,145
Total Assets	\$ 88,672	\$ 80,037

Liabilities (000's)

	1986	1985
Bank loans	\$ 3,850	\$ 9,900
Long-term debt & capital lease, curr.	1,837	1,309
Accts. payable	3,846	3,835
Accruals	7,652	7,203
Income taxes	1,143	1,320
Curr. liabilities	\$ 18,328	\$ 23,567
Investments	1,486	—
Long-term debt	20,231	6,504
Deferred inc. taxes	2,863	2,925
+ Common stock	3,605	3,605
Add. paid-in capital	13,808	13,721
Retained earnings	40,788	38,083
Treasury stock	(12,437)	(8,368)
Total Liabilities & Shareholders' Equity	\$ 88,672	\$ 80,037

* At lower of cost (principally average) or market.
Less accumulated depreciation and amortization.
+ \$ per value.

Statistical Summary

% Income bef. Taxes	5.36	6.64
to Sales	3.09	3.81
%Net Income to Sales	8.17	9.16
%Net Income to Equity	3.67	3.49
Sales to Inventories	0.44	0.17
Debt to Equity	\$44,162,000	\$30,072,000
Working Capital	3.41	2.23
Current Ratio	\$45,764,000	\$47,041,000
Shareholders' Equity		

Bemis Company, Inc.

800 Northstar Center
Minneapolis, Minnesota 55402
(612) 340-6000

Officers: Edward W. Asplin, chairman & chief admin. officer; Howard J. Curler, president & chief executive officer; John H. Roe, exec. v.p.; John N. Dempsey, v.p.-science & technology; Edwin S. McBride, v.p.-operations; George W. Andrews, v.p., secretary & general counsel; LeRoy F. Bazany, v.p. & controller; Joen K. Kim, asst. controller & dir.-taxes; Lisa Locken, asst. secretary & director of corporate communications; Benjamin R. Field, v.p. & treasurer.

Directors: Judson Bemis*, Edwin S. McBride, John R. Bemis, Edward W. Asplin*, E.T. Binger*, John N. Dempsey, Howard J. Curler*, Winston R. Wallin, John H. Roe*, Nancy Parsons McDonald, Robert A. Greenkorn, Robert F. Zicarelli*.

*Member of the Executive Committee.

Business Activities: Supplier of packaging products, pressure sensitive adhesives, nonwoven fabrics, lithographic plates, chemicals and plate processing equipment, coated and laminated products, packaging machinery.

Plants and Subsidiaries: Packaging

Curwood, Inc.
New London, Wisconsin
Coated, laminated and printed roll stock and pouches; packaging machinery.

Curwood Packaging (Canada), Ltd.
Georgetown, Ontario, Canada
Printed, laminated, multi-layer and coated plastic, foil and paper packaging materials.

Bemistape (Bemis Company, Inc.)
OshKosh, Wisconsin
Pressure-sensitive and heat-sealing packaging tapes.

Custom Resins, Inc.
Henderson, Kentucky
Manufacture of nylon 6 resin for films, injection-molding and coatings.

Lantour Corp.
Murphysboro, Illinois
Rotogravure-printed and embossed labels and wrappers; laminated packaging films.

MacKay/Gravure Systems, Inc.
Louisville & Florence, Kentucky
Photoengraving of rotogravure cylinders.

Accraply, Inc.
Minnetonka & Hopkins, Minnesota
Manufacture of pressure-sensitive labeling equipment and pressure-sensitive labels.

Film Division
Flemington, New Jersey
Terre Haute, Indiana
Union City, California
Consumer-size and industrial polyethylene bags, film, liner and roll stock

Packaging Service Machinery Company
Minneapolis, Minnesota
Bag weighing, filling, closing and conveying equipment; corrugated case loading, sealing and imprinting equipment; insulation fabricating and packaging units.

Hayden Manufacturing Co.
Sheboygan, Wisconsin
Spartanburg, South Carolina
Fill seal systems and blow molding machinery.

Hayden Europa, Ltd.
Thetford, England
Form-fill-seal systems; blow molding equipment.

Hayden Europa s.r.l.
Zingonia, Italy
Form-fill-seal systems; bundling machinery.

Hayden Europa s.a.r.l.
Paris, France

Bemis Machinery Co.
Green Bay, Wisconsin
Powder and liquid filling and capping equipment.

Mankato Corp.
Mankato, Minnesota
Cartons and specialty packaging.

Louisiana Plastics, Inc.
Louisiana, Missouri
Panama City, Florida
Injection-molded plastic containers.

Bemis Craftil, S.A. (49% owned)
Machula, Mexico
Open-mesh fabrics and bags; specialty products.

Bemis de El Salvador, S.A. (49% owned)
Santa Ana, El Salvador
Open-mesh fabrics and bags and specialty products.

Bemis Maral S.A.
San Luis Potosi, Mexico

Industrial Products

MACtac (Morgan Adhesives Company 87%-owned)
Sioux, Ohio

Bemis Company, Inc.

Pressure-sensitive adhesive print stock, decorative trim, reflective products and industrial fastening systems; label-applying equipment.

MACtac Europe S.A.
Soignies, Belgium

MACtac Canada Ltd./Ltée.
Brampton, Ontario, Canada

Sackner Products, Inc.
Grand Rapids & Sterling Heights, Michigan
Stainesville, North Carolina
Los Angeles, California
Albion, Indiana
Tupelo, Mississippi

Automotive and furniture padding, components and trim; extruded vinyl moldings and shapes; specialty woven products.

Pervel Industries, Inc.
Plainfield, Connecticut
Vinyl and urethane-coated fabrics; flocked fabrics; special coated papers and laminated vinyl upholstery materials.

Ross & Roberts, Inc.
Stratford, Connecticut
Calendered film and sheeting; expanded and laminated vinyl upholstery materials.

Western Lithotech (Western Litho Plate & Supply Co.)
St. Louis, Missouri
Jacksonville, Texas
Springfield, Missouri

Aluminum lithographic printing plates; litho chemicals; automatic plate exposing and processing equipment.

Transfer Agent(s):

Norwest Bank of Minneapolis
8th & Marquette
Minneapolis, Minnesota 55479

Stock Exchange(s): New York

Ticker Symbol: BMS

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 864,700,000	\$ 25,600,000
1985	787,000,000	23,000,000
1984	779,300,000	18,100,000
1983	701,000,000	12,000,000
1982	681,400,000	10,200,000

	No. of Com. Shares #	Earn. per Share #
1986	13,842,533	\$ 1.85
1985	14,027,670	1.64
1984	14,098,934	1.28
1983	14,262,336	0.84
1982	14,891,052	0.68

+ Of continuing operations only.

Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985
Packaging	\$ 571,600,000	\$ 527,200,000
Specialty coated & graphics	294,200,000	260,500,000
Intersegment	(1,100,000)	(700,000)
Total	\$ 864,700,000	\$ 787,000,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.50	—	2-for-1‡
1984	0.44	—	—
1983	0.40	—	2-for-1
1982	0.40	—	—

† Adjusted to reflect stock splits.

‡ Declared Feb. 4, 1986.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	\$ 193,999,000	\$ 15.47
1985	183,774,000	14.27
1984	175,032,000	13.05
1983	167,016,000	12.43
1982	174,565,000	11.93

‡ After allowing for preferred stock at par value.

† Adjusted to reflect stock splits.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 864,670	\$ 787,028
Cost of sales	674,375	616,407
Expenses	135,424	125,272
Minority interest	2,182	1,692
Interest & other exp.	7,758	7,632
Income before taxes	\$ 44,931	\$ 36,025
Income taxes	19,300	13,020
Net Income	\$ 25,631	\$ 23,005

* Included in Costs and Expenses, Depreciation and Amortization: \$27,571,000 in 1986 and \$25,011,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 506	\$ 5,064
Accts. receiv., net	125,354	98,831
*Inventories	106,584	83,406
Prepaid expenses	9,519	11,350
Refundable income taxes	674	674
Prepaid emp. ben.	—	12,000
Current Assets	\$ 242,637	\$ 211,325
#Fixed assets	235,154	207,058
Leased prop. & equipment	1,308	1,565
Other assets	16,373	20,926
Total Assets	\$ 495,472	\$ 440,874

Liabilities (000's)

Notes payable	\$ 4,060	\$ 3,536
Long-term debt, curr.	4,847	4,709
Cap. lease oblig., curr.	214	224
Accts. payable	100,889	81,493
Accrued payroll	16,967	22,807
Income taxes	4,341	1,315
Accrued taxes	6,707	5,569
Curr. Liabilities	\$ 138,025	\$ 119,653
Long-term debt	90,870	77,384
Cap. lease oblig.	1,330	1,546
Minority interest	11,458	9,634
Deferred inc. taxes	50,204	41,429
Other liabilities	9,575	7,443
Preferred stock:		
+ First preferred, 5% cum.	—	11
+ + Common stock	38,727	38,306
Add. paid-in capital	44,728	43,448
Retained earnings	201,490	183,580
Cumulative translation adjust.	(2,210)	(6,631)
Treasury stock	(88,736)	(74,929)
Total Liabilities & Shareholders' Equity	\$ 495,472	\$ 440,874

* At lower of cost or market; domestic inventories at LIFO, foreign at FIFO.

Less accumulated depreciation and amortization.

+ \$100 par value.

+ + \$2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.20	4.58
%Net Income to Sales	2.96	2.92
%Net Income to Equity	13.21	12.52
Sales to Inventories	8.11	9.448
Debt to Equity	0.52	0.48
Working Capital	\$104,612,000	\$ 91,672,000
Current Ratio	1.76	1.77
Shareholders' Equity	\$194,010,000	\$183,785,000

Berkshire Hathaway Inc.

1440 Kiewit Plaza
Omaha, Nebraska 68131
(402) 346-1400

Officers: Warren E. Buffett, chairman of the board & chief executive officer; Charles T. Munger, vice chairman; Robert H. Bird, J. William Scott, Michael A. Goldberg, v.p.'s; J. Verne McKenzie, v.p., secretary & treasurer; Daniel J. Jakisch, controller.

Directors: Warren E. Buffett, chairman; Charles T. Munger, Kenneth V. Chase, Malcom G. Chase, Jr., J. Verne McKenzie.

Business Activities: Through The Fechheimer Brothers Company, an 84%-owned subsidiary, the Company manufactures and distributes uniforms. Also operates Associated Retail Stores, Inc., a chain of approximately 90 popular priced apparel stores; Nebraska Furniture Mart, Inc., a large home furnishings retail store located in Omaha, Nebraska; and See's Candy Shops, Inc., a chain of 215 retail candy shops in the West and Midwest. Also, through subsidiaries, the company is engaged in the underwriting of property and casualty insurance, the trading stamps business, the newspaper business, the manufacture and marketing of vacuum cleaners and related accessories, and the marketing of educational books.

Divisions and Subsidiaries:

The Fechheimer Brothers Company
Cincinnati, Ohio
Manufactures and distributes uniforms.

National Indemnity Company
3024 Harney Street
Omaha, Nebraska 68131

National Fire and Marine Insurance Co.
3024 Harney Street
Omaha, Nebraska 68131

Columbia Insurance Company
3024 Harney Street
Omaha, Nebraska 68131

Cornhusker Casualty Co.
3035 Harney Street
Omaha, Nebraska 68131

Kansas Fire & Casualty Co.
Topeka, Kansas

Continental Divide Insurance Co.
Inglewood, Colorado

Lakeland Fire and Casualty Co.
6700 France Avenue South
Minneapolis, Minnesota 55435

Insurance Co. of Iowa
1728-8th Street
West Des Moines, Iowa 50265

Texas United Insurance Co.
1802 N E Loop 410
San Antonio, Texas 78217

Home and Automobile Insurance Co.
209 West Jackson Boulevard
Chicago, Illinois 60606

Cypress Insurance Company
Pasadena, California

See's Candy Shops, Inc.

Operates 215 retail stores in 12 western and midwestern states, offering boxed chocolates and other confectionary items that it manufactures.

Wesco Financial Corporation (80.1% owned)
315 E. Colorado Boulevard
Pasadena, California 91109

Illinois National Bank & Trust Co. of Rockford
(96% owned)
222 Main Street
Rockford, Illinois 61101

Sun Newspapers, Inc.
900 S. 74 Plaza, Suite 400
Omaha, Nebraska 68114

Blue Chip Stamp
5801 South Eastern Avenue
Los Angeles, California 90040

Precision Steel Warehouse, Inc. (80% owned)
Franklin Park, Illinois

Associated Retail Stores, Inc.
Long Island City, New York
Operates a chain of 90 popular priced women's apparel stores.

Nebraska Furniture Mart (90% owned)
Omaha, Nebraska
Operates a discount furniture store in Nebraska.

The Scott & Fetzer Company
Westlake, Ohio

Transfer Agent(s):
First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BKHT (NASDAQ)

Sales and Earnings

	Revenues \$	Net Income
1986	\$2,167,603,000	\$ 282,361,000
1985	933,485,000	435,815,000
1984	724,622,000	148,895,000
1983	599,057,000	112,166,000
1982	517,512,000	46,374,000

	No. of Com. Shares	Earn. per Share +
1986	1,147,000	\$ 246.19
1985	1,147,000	379.99
1984	1,147,000	129.82
1983	1,147,000	105.15
1982	987,000	47.01

+ Revenues include insurance premiums, sales and service revenues, and interest and dividend income.

+ Based on the average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Insurance	\$ 931,379	\$ 412,481
Candy	151,861	145,102
Retailing of home furn.	135,501	123,292
Newspaper	114,267	107,864
Encyclopedias	285,356	—
Home cleaning prods.	113,547	—
Other	444,734	151,124
Total	\$ 2,176,665	\$ 939,864

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$2,377,797,000	\$ 2,073.06
1985	1,885,330,000	1,643.71
1984	1,271,761,000	1,108.77
1983	1,119,193,000	975.83
1982	727,483,000	737.43

Income Account * (000's)

Year ended	12/21/86	12/28/85
Insurance prem. earned	\$ 823,884	\$ 317,059
Sales & service rev.	1,225,290	508,764
Int. & dividend income	118,429	107,662
Eq. in earn. of unconsolid. subsid.	9,062	6,379
Revenues	\$ 2,176,665	\$ 939,864
Cost of prods. & serv. sold	651,717	285,925
Expenses	425,562	150,423
Insurance losses	655,758	280,249
Insurance underwriting expense	223,970	81,040
Interest expense	23,892	14,415
Income before taxes	\$ 195,766	\$ 127,812
Income taxes	59,152	31,271
Minority interest	5,150	3,593
Real. invest. gain	(150,897)	(342,867)
Net Income	\$ 282,361	\$ 435,815

* Included in Costs and Expenses, Depreciation and Amortization: \$25,993,000 in 1986 and \$9,592,000 in 1985.

Assets (000's)

As of	12/21/86	12/28/85
Cash	\$ 292,473	\$ 1,017,657
Accts. receiv., net	434,703	156,362
*Inventories	159,660	37,385
Investments	2,996,322	1,658,692
*Fixed assets	212,211	69,369
Other assets	140,183	114,705
Goodwill	126,957	75,169
Def. insur. prem. acq. costs	79,146	51,368
Total Assets	\$ 4,441,655	\$ 3,180,718

	Liabilities (000's)
Long-term debt	\$ 94,923
Losses & loss adj. expenses	860,228
Unearned premiums	414,986
Accts. payable, accruals & other liab.	236,157
Income taxes	414,275
Min. shareholders' int.	43,389
+ Common stock	6,876
Add. paid-in capital	157,377
Apprec. of eq. securities	874,813
Retained earnings	1,379,669
Treasury stock	(40,938)
Total Liabilities & Shareholders' Equity	\$ 4,441,655

* At lower of cost (primarily LIFO) or market. Remainder at FIFO or average.

* Less accumulated depreciation and amortization.

+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.99	13.60
%Net Income to Revenues	12.97	46.37
%Net Income to Equity	11.87	23.12
Debt to Equity	0.04	0.06
Shareholders' Equity	\$2,377,797,000	\$1,885,330,000

Bernard Chaus, Inc.

1410 Broadway
New York, New York 10018
(212) 354-1280

Officers: Bernard Chaus, chairman of the board & chief exec. officer; Josephine Chaus, president & vice chairman; Anthony M. Pisano, chief v.p.-finance & administration & chief financial officer; Michael Fleeman, sr. v.p.-production; Lynn Buchner, Robert Hildgroom, v.p.-sales; Steven M. Kessler, v.p.-finance, treasurer, & secretary.

Directors: Bernard Chaus, chairman; Josephine Chaus, Irwin Jay Robinson, Daniel Rosenbloom.

Business Activities: Designs, arranges for the manufacture of, and markets moderately priced women's sportswear, houses and dresses, for the business environment as well as for leisure and active wear.

Trademarks and/or Brand Names: Chaus, Josephine, Chaus Woman, Chaus Petite, Josephine Woman, Josephine Petite, Ms. Chaus, Josephine Chaus, Ms. Chaus Petites, Chaus Sport, Chaus Sport Petites, Chaus Sport Women.

Transfer Agent(s):

Manufacturers Hanover Trust Company of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: CHS

Sales and Earnings

	Net Sales	Net Income
1986	\$ 278,823,000	\$ 35,334,340
1985	190,713,000	(234,081)
1984	155,310,000	12,906,001
1983	105,752,000	16,312,302
1982	91,197,000	N.A.

	No. of Com. Shares	Earn. per Share +
1986	16,225,000	\$ 1.22
1985	16,225,000	0.01
1984	16,225,000	0.53
1983	16,225,000	0.60
1982	16,225,000	0.42

(Loss)

N.A. - Not Available.

+ Pro forma.

Common Stock Equity

	Total Equity	Equity per Share
1986	\$ 12,898,000	\$ 0.79
1985	16,942,000	1.04
1984	22,845,000	1.41
1983	16,853,000	1.04
1982	19,375,000	1.19

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 278,822,806	\$ 190,713,033
Cost of sales	201,127,833	156,329,213
Expenses	39,190,995	32,991,414
Interest expense	1,139,739	1,775,138
Interest income	(114,367)	(10,197)
Other income	(107,150)	(100,454)
Income (loss) bef. taxes	\$ 37,585,756	\$ (272,081)
Income taxes (credit)	2,251,416	(38,000)
Net Income (Loss)	\$ 35,334,340	\$ (234,081)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,390,916 in 1986 and \$849,545 in 1985.

Assets

As of June 30	1986	1985
Cash	\$ 1,724,763	\$ 1,518,493
Short-term investments	7,400,000	—
Accts. receiv., net	32,231,061	13,746,637
*Inventories	29,025,682	20,046,971

Bernard Chaus, Inc.

Prepaid expenses	496,108	682,901
Other curr. assets	—	254,234
Current Assets	\$ 70,877,614	\$ 36,249,236
#Fixed assets	5,816,135	5,279,380
Other assets	238,965	121,140
Total Assets	\$ 76,932,714	\$ 41,649,756
Liabilities		
Dividends payable	\$ 25,200,000	\$ —
Notes payable	750,000	8,975,000
Accts. payable	18,295,736	14,047,091
Accruals	2,209,053	1,725,749
Income taxes	1,722,910	—
Due to stockholder	156,791	—
Curr. Liabilities	\$ 48,334,490	\$ 24,747,840
Capital lease oblig.	699,968	—
Subord. promissory notes	15,000,000	—
+ Common stock	162,250	170,000
Add. paid-in capital	1,407,750	1,500,000
Retained earnings	11,328,156	19,866,619
Treasury stock	—	(3,772,703)
Adv. to stockholders	—	(862,000)
Total Liabilities & Shareholders' Equity	\$ 76,932,714	\$ 41,649,756

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	13.48	—
%Net Income to Sales	12.67	—
Sales to Inventories	9.61	9.51
Debt to Equity	0.05	0.53
Working Capital	\$22,543,124	\$11,501,396
Current Ratio	1.47	1.46
Shareholders' Equity	\$12,898,256	\$16,901,916

Bobbie Brooks, Inc.

3830 Kelley Avenue
Cleveland, Ohio 44114
(216) 881-5300

Officers: Robert H. Kanner, chairman, president & chief exec. officer; George J. Hahn, Jr., exec. v.p.; Stephen R. Kalette, v.p.-administration, secretary & general counsel; Anthony M. Poelicki, treasurer.

Directors: Robert H. Kanner, chairman; Stephen R. Kalette, Stanley R. Browne.

Business Activities: Through its Main Line Fashions, Inc. subsidiary, the company manufactures women's coats and outerwear under the "Wellington Fashions", "Elegant Fashions" and "Kashmiracle TM" labels. The Bobbie Brooks International Development Company operates worldwide, largely through licensing arrangements.

Trademarks and/or Brand Names: Wellington Fashions, Elegant Fashions, Kashmiracle TM.

Divisions and Subsidiaries:

Main Line Fashions, Inc.
New York, New York

Bobbie Brooks International Development Company
1412 Broadway
New York, New York 10018

Transfer Agent(s):

Ameritrust Company N.A.
Cleveland, Ohio

Chase Manhattan Bank
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BBKS (NASDAQ)

Sales and Earnings

	Net Sales †	Net Income ‡
12/31/86	\$ 35,914,000	\$ 3,093,000
12/31/85*	31,058,000	(7,000,000)
4/27/85	64,707,000	(1,395,000)
4/28/84	66,897,000	(1,238,000)
4/30/83	83,014,000	3,730,000

	No. of Com. Shares	Earn. per Share
12/31/86	7,528,309	\$ 0.74
12/31/85*	7,465,788	—
4/27/85	5,465,788	—
4/28/84	5,334,863	—
4/30/83	5,309,674	0.78

(Loss)

* 8 months.

† Of continuing operations only.

‡ Including extraordinary credits of \$2,463,000 (\$0.33 per share) in 1986 and \$5,123,000 (\$1.07 per share) in 1983.

Common Stock Equity

	Total Equity	Equity Per Share
12/31/86	\$ 11,267,000	\$ 1.50
12/31/85	5,649,000	0.76
4/27/85	10,535,000	1.93
4/28/84	11,792,000	2.21
4/30/83	12,980,000	2.44

Income Account *

Year ended	12/31/86	12/31/85 (8 months)
Net sales	\$ 35,914	\$ 31,058
Cost of sales	25,095	22,802
Expenses	7,005	10,049
Interest income	(494)	(114)
Interest expense	429	418
Restruct. exp	—	5,014
Other income	(1,792)	(236)
Income (loss) bef. taxes	\$ 5,671	\$ (6,875)
Income taxes	2,578	125
Net Income (Loss)	\$ 3,093	\$ (7,000)
Extraord. gain	2,463	—
Net Income (Loss) & extraord. gain	\$ 5,556	\$ (7,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$431,000 in 1986 and \$328,000 in 1985.

Assets (000's)

As of	12/31/86	12/31/85
Cash	\$ 11,483	\$ 1,172
Receiv. from pension plan	—	349
Due from factor	—	5,695
Trade receivables	4,152	4,116
*Inventories	3,248	7,876
Adv. to suppliers	—	413
Prepaid expenses & other assets	177	317
Current Assets	\$ 19,060	\$ 19,938
#Fixed assets	676	883
Intangible	2,443	840
Other assets	535	563
Total Assets	\$ 22,714	\$ 22,224

Liabilities (000's)

Accts. payable	\$ 1,498	\$ 3,723
Accruals & sundry liabilities	3,576	5,286
Loan payable - bank	1,975	1,000
Liab. deferred pursuant to Chap. XI proc.	2,117	2,300
Curr. Liabilities	\$ 9,166	\$ 12,309

Liab. deferred pursuant to Chap. XI proc.	1,137	2,441
Oblig. under cap. leases	1,144	1,825
+ Common stock	7,528	7,466
Add. paid-in capital	14,966	14,966
Retained earnings (deficit)	(11,227)	(16,783)

Total Liabilities & Shareholders' Equity	\$ 22,714	\$ 22,224
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ No par value; \$1 stated value.

Statistical Summary

%Income bef. taxes to Sales	15.79	—
%Net Income to Sales	6.61	—
%Net Income to Equity	27.45	—
Sales to Inventories	11.06	3.94
Debt to Equity	0.13	0.28
Working Capital	\$ 9,894,000	\$7,629,000
Current Ratio	2.08	1.62
Shareholders' Equity	\$11,267,000	\$5,649,000

Boss Manufacturing Company

221 West First Street
Kewanee, Illinois 61443
(309) 852-2131

Officers: Barry F. Kane, president & chief exec. officer; Kenneth A. Fristad, v.p.-operations; James C. Kelley, v.p.-controller; Beverly J. Williams, v.p.-adm. & secretary; Lyle D. Kenaga, v.p.-consumer sales; Douglas H. Lay, v.p.-mfg.; John R. Lee, v.p.-industrial sales.

Directors: Barry F. Kane, John E. Waller, Ellis P. Waller, Milton Falkoff, Alex S. Anderson, III, Kent T. Anderson, E.O. Hand.

Business Activities: Manufactures and markets work and leisure wear gloves, on-the-job safety and personal protection products, and leisure products and outdoor clothing for backpacking, camping and ski wear.

Plant Location(s): El Paso, Texas; Greenville, Ala.; Woodbridge, Ontario, Canada; Juarez, Mexico.

Trademarks and/or Brand Names: Boss, M.L. Snyder, Trailwise, Saska, Ladyfinger, Big Ape, Walloper, Stallion, Blue Ribbon.

Divisions:

Consumer Division
Kewanee, Illinois

Market "Boss" branded cotton, jersey, leather palm and all leather gloves. Boss lined leather winter gloves, family gloves, and Boss "Ladyfinger" brand garden gloves. Also markets sports gloves for hunting, shooting, ice fishing, trailblazing, camping, skiing, motorcycling, snowmobiling and winter snow sports.

Industrial Division
Kewanee, Illinois

Markets industrial rainwear and protective clothing, boots, industrial work gloves in cotton, leather, leather palm and synthetic materials, rubber gloves, coated gloves, personal safety products, under brand names of "Boss" and "M.L. Snyder".

Sports Division
Kewanee, Illinois

Markets sports gloves for hunting, shooting, ice fishing, trailblazing, camping, skiing, motorcycling, snowmobiling and winter snow sports under the "Blue Ribbon" brand.

Subsidiaries:

Boss Canada Inc.
Woodbridge, Ontario, Canada

Boss de Mexico, S.A.
Juarez, Mexico

Transfer Agent(s):
Boss Manufacturing Company
Kewanee, Illinois

Stock Exchange(s): Over-the-Counter

Sales and Earnings			
	Net Sales †	Net Income	
1987	\$ 26,559,000	\$ (720,000)	
1986	30,765,000	(2,176,000)	
1985	34,793,000	(3,317,000)	
1984	37,137,000	(396,000)	
1983	39,077,000	(516,000)	
	No. of Com. Shares	Earn. per Share +	
1987	264,354	\$ —	
1986	264,354	—	
1985	270,834	—	
1984	269,909	—	
1983	270,502	—	

(Loss)

† Of continuing operations only.

+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 4,773,000	\$ 18.06
1986	5,448,000	20.61
1985	7,732,000	28.55
1984	11,164,000	41.22
1983	11,570,000	42.96

Income Account * (000's)

Year ended	3/28/87	3/29/86
Net sales	\$ 26,559	\$ 30,765
Cost of sales	20,194	24,274
Expenses	6,414	7,691
Interest expense	824	907
Other expenses (income)	(94)	52
Loss bef. taxes	\$ (779)	\$ (2,159)
Income taxes (credit)	(99)	17
Net Loss	\$ (720)	\$ (2,176)

* Included in Costs and Expenses, Depreciation: \$430,000 in 1987 and \$431,000 in 1986.

Assets (000's)

As of	3/28/87	3/29/86
Cash & cash equiv.	\$ 433	\$ 335
Accts. & notes receiv., net	3,713	4,035
*Inventories	4,975	6,546
Other curr. assets	500	504
Current Assets	\$ 9,621	\$ 11,420
*Fixed Assets	4,539	4,794
Other assets	173	179
Total Assets	\$ 14,333	\$ 16,393

Liabilities (000's)

Notes payable & long-term debt, curr.	\$ 3,291	\$ 2,263
Accts. payable	991	1,891

Other curr. liab.	881	1,004
Costs of closing facilities	143	500
Current Liabilities	\$ 5,306	\$ 5,658
Long-term debt	4,164	5,136
Other liabilities	90	151
+ Common stock	3,573	3,573
Add. paid-in capital	252	252
Retained earnings	1,559	2,278
For. curr. trans. adjust.	(126)	(170)
Treasury stock	(485)	(485)
Total Liabilities & Shareholders' Equity	\$ 14,333	\$ 16,393

* At lower of cost (LIFO for 79%, remainder FIFO) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

Sales to Inventories	5.34	4.70
Debt to Equity	0.87	1.36
Working Capital	\$4,315,000	\$3,762,000
Current Ratio	1.81	2.02
Shareholders' Equity	\$4,773,000	\$5,448,000

Brown Group, Inc.

P.O. Box 29
8400 Maryland Avenue
St. Louis, Missouri 63166
(314) 854-4000

Officers: B.A. Bridgewater, Jr., chairman of the board, president & chief executive officer; Richard L. Anderson, exec. v.p. & pres.-Wohl Shoe Company; Harry E. Rich, sr. v.p. & chief financial officer; Erik R. Risman, sr. v.p.-specialty retailing; John B. Biggs, Jr., v.p.-personnel & administration; Robert D. Pickle, v.p., corp. secretary & general counsel; William S. Frederick, v.p. & controller; J.J. Cramer, v.p. & pres.-Brown Group International; Douglas W. Walrod, v.p.-real estate; Andrew M. Rosen, treasurer.

Directors: W.L. Hadley Griffin*, John J. Cardwell, Edward L. O'Neill, Warren McK. Shapleigh*, Monte E. Shomaker, Richard W. Shomaker*, Armand C. Stalnaker*, B.A. Bridgewater, Jr.*, Daniel R. Toll, William E. Maritz, Harry E. Rich*, Joan F. Lane.

* Member of the Executive Committee.

Business Activities: Manufactures, markets and retails a wide range of brand name, nationally advertised footwear for women, men and children. Also operates leased retail shoe departments in department stores and company-owned shoe stores, retail fabric stores, family fashion stores, retail linen stores and cosmetic/accessories retail outlets.

Trademarks and/or Brand Names: Court Casuals, Naturalizer, Life Stride, Footworks, De Liso, Connie, Fanfares, Buster Brown, Levi's shoes and boots, Airstep, Palter, Wildcats by Buster Brown, Buskens, Marquise, Tempco, Oak Hill, Eagle, Kid Tech, Jones New York, Adventum, Maserati, Regal, Live Wires.

Subsidiaries:

Footwear
Brown Shoe Company
8300 Maryland Avenue
St. Louis, Missouri 63105
Manufactures and distributes footwear.

Brown Shoe Co. of Canada, Ltd.
1857 Rogers Road
Perth, Ontario, Canada K7H 3E3
Manufactures and distributes footwear.

Wohl Shoe Company
8350 Maryland Avenue
St. Louis, Missouri 63105
Operates leased shoe departments and shoe stores.

Regal Shoe Shops
8400 Maryland Avenue
St. Louis, Missouri 63105
Operates men's retail shoe stores.

Arnold Dunn, Inc.
Imports women's better grade footwear.

Specialty Retailing

Cloth World
St. Louis, Missouri
Operates retail fabric stores.

Meis Family Fashion Stores
624 Wabash Avenue
Terre Haute, Indiana 47908
Operates family fashion stores.

Linen Center
St. Louis, Missouri
Stores featuring off-price branded merchandise for the bath and bedroom.

Étage
Retail sale of beauty products, jewelry and fashion accessories to young women.

Transfer Agents and Registrars:

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Center Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York, Midwest

Ticker Symbol: BG

Sales and Earnings

	Net Sales + (000's)	Net Income
1986	\$ 1,400,196	\$ 40,138,000
1985	1,400,077	37,814,000
1984*	1,436,253	54,063,000
1983	1,354,780	67,199,000
1982	1,246,033	59,590,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	18,524,000	\$ 2.17
1985	19,778,000	1.91
1984*	20,419,000	2.65
1983	21,020,000	3.20
1982	21,464,000	2.78

* 53 weeks.

+ Of continuing operations only.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1986	1985
Footwear	\$ 1,035,841	\$ 1,074,253
Specialty retailing	344,355	325,824
Total	\$ 1,400,196	\$ 1,400,077

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.44	—	—
1985	1.36	—	—
1984	1.28	—	—
1983	1.04	—	2-for-1
1982	0.88	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 346,960,000	\$ 19.25
1985	376,945,000	19.72
1984	400,211,000	19.81
1983	389,821,000	18.81
1982	364,457,000	17.28

+ Adjusted to reflect stock split.

Brown Group, Inc.

Income Account *		
(000's)		
Year ended	11/1/86	11/2/85
Net sales	\$ 1,400,196	\$ 1,400,077
Cost of sales	808,453	809,050
Expenses	516,237	499,967
Interest expense	9,930	7,695
Sundry income	(4,237)	(4,905)
Income before taxes	\$ 69,813	\$ 88,270
Income taxes	29,675	39,499
Inc. - cont. oper.	\$ 40,138	\$ 48,771
Loss - discont. oper.	—	(10,957)
Net income	\$ 40,138	\$ 37,814

* Included in Costs and Expenses. Depreciation and Amortization: \$25,882,000 in 1986 and \$24,299,000 in 1985.

Assets		
(000's)		
As of	11/1/86	11/2/85
Cash & cash invest.	\$ 36,200	\$ 25,943
Accts. receiv., net	127,896	126,704
*Inventories	309,426	308,949
Prepaid exp. & other assets	20,441	17,916
Current Assets	\$ 493,963	\$ 479,512
#Fixed assets	126,765	126,527
Other assets	37,590	29,278
Total Assets	\$ 658,318	\$ 635,317

Liabilities		
(000's)		
Long-term debt, curr.	\$ 7,641	\$ 1,133
Accts. payable	81,900	95,504
Accruals	32,930	30,819
Employee compensation & benefits	29,807	38,865
Income taxes	7,114	9,985
Curr. Liabilities	\$ 159,392	\$ 176,306
Long-term debt & cap. leases	130,902	59,793
Deferred compensation plans	11,949	16,335
Deferred inc. tax	9,115	5,933
+ Common stock	67,574	71,677
Add. paid-in capital	17,961	18,568
Retained earnings	263,915	288,947
Cumulative trans. adjustment	(2,490)	(2,247)
Total Liabilities & Shareholders' Equity	\$ 658,318	\$ 635,317

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$3.75 par value.

Statistical Summary		
%Net Income to Equity	11.57	10.03
Sales to Inventories	4.53	4.53
Debt to Equity	0.38	0.16
Working Capital	\$334,571,000	\$303,206,000
Current Ratio	3.10	2.72
Shareholders' Equity	\$346,960,000	\$376,945,000

Burke Mills, Inc.

P.O. Box 190
Valdese, North Carolina 28690
(704) 874-2261

Officers: Humayun N. Shaikh, president & treasurer; Richard F. Whisenant, executive vice president; Selven H. Cannon, v.p.-finance; Richard Byers, v.p.-sales; Charles F. Hudson, v.p.-dyeing; Pender R. McElroy, secretary; Michael B. Smith, asst. secretary.

Directors: Humayun N. Shaikh, Richard F. Whisenant, Selven H. Cannon.

Business Activities: Engaged in the throwing, texturing, dyeing, processing and winding of filament, novelty and spun yarns and in the dyeing and processing of these yarns on a commission basis.

Division:

Frank Gaddy Yarn Division

Stock Exchange(s): Over-the-Counter

Sales and Earnings		
	Net Sales	Net Income †
1986	\$ 19,063,510	\$ 1,109,170
1985	15,611,766	707,828
1984	18,724,934	1,146,565
1983	16,021,833	1,501,209
1982	12,356,786	829,067
	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,859,226	\$ 0.39
1985	2,837,570	0.25
1984	2,945,494	0.39
1983	2,847,340	0.53
1982	2,658,073	0.31

† Including extraordinary gains of \$421,765 (\$0.25 per share) in 1986, \$308,256 (\$0.11 per share) in 1985, \$504,000 (\$0.17 per share) in 1984, \$719,900 (\$0.25 per share) in 1983 and \$388,800 (\$0.15 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 7,951,819	\$ 2.78
1985	6,842,649	2.41
1984	6,134,821	2.08
1983	4,974,362	1.75
1982	3,390,802	1.28

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account		
Year ended	1/3/87	12/28/85
Net sales	\$ 19,063,510	\$ 15,611,766
Cost of sales	16,509,085	13,867,948
Expenses	1,160,124	918,045
Interest expense	139,921	186,486
Factor's charges	108,634	90,863
Interest income	(185,476)	(213,698)
Other expense (income)	(824)	9,113
Gain on sale of prop.	(5,212)	—
Income before taxes	\$ 1,337,258	\$ 753,009
Income taxes	649,853	353,437
Net Income	\$ 687,405	\$ 399,572
Extraord. gain	421,765	308,256
Net Income & extraord. gain	\$ 1,109,170	\$ 707,828

* Included in Costs and Expenses. Depreciation: \$481,938 in 1986 and \$428,977 in 1985.

Assets		
As of	1/3/87	12/28/85
Cash	\$ 99,534	\$ 99,569
Marketable securities	2,768,947	2,249,555
Accts. receiv., net	1,739,134	1,589,688
*Inventories	1,875,491	1,414,700
Prepaid expenses	121,813	75,594
Current Assets	\$ 6,604,919	\$ 5,429,106
#Fixed assets	4,088,436	3,816,686
Other assets	7,522	11,910
Total Assets	\$ 10,700,877	\$ 9,257,702

Liabilities		
Long-term debt, curr.	\$ 198,000	\$ 200,967
Accts. payable	566,476	451,700
Accrued payroll	461,082	220,837
Other accruals	109,099	79,764
Curr. Liabilities	\$ 1,334,657	\$ 953,268
Long-term debt	1,152,951	1,357,242
Deferred inc. taxes	261,450	104,543
+ Common stock	1,807,125	1,807,125
Add. paid-in capital	3,109,908	3,109,908
Retained earnings	3,034,786	1,925,616
Total Liabilities & Shareholders' Equity	\$ 10,700,877	\$ 9,257,702

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	7.01	4.82
%Net Income to Sales	3.61	2.56
%Net Income to Equity	8.64	5.84
Sales to Inventories	10.16	11.04
Debt to Equity	0.17	0.23
Working Capital	\$5,270,262	\$4,475,838
Current Ratio	4.95	5.70
Shareholders' Equity	\$7,951,819	\$6,842,649

Burlington Industries, Inc.

Corporate Headquarters:
3330 West Friendly Avenue
Box 21207
Greensboro, North Carolina 27410
(919) 379-2000

Merchandising Headquarters:
Burlington House
1345 Avenue of the Americas
New York, New York 10105
(212) 621-3000

Officers: Frank S. Greenberg, chairman of the board & chief executive officer; Donald R. Hughes, vice chairman & chief financial officer; Lanty L. Smith, president; George C. Wal-drep, Jr., exec. v.p.-mg.; Robert L. Barnes, William deR. Holt, Jr., Marvin J. Plinson, Jr., Clarence C. Finley, Abraham B. Stenberg, Arthur C. Wiener, Bernard A. Leventhal, George W. Henderson, III, group v.p.'s; John O. Englar, v.p., general counsel & secretary; J. Kenneth Lesley, v.p.-personnel & public relations; E. Barry James, v.p.-fibers purchasing; Park R. Davidson, asst. v.p.-finance; Peyton R. Latimer, v.p. & treasurer; August J. Diodati, controller; William D. Lusk, Roger M. Rheume, asst. controllers; Emil F. Garda, asst. treasurer-credit; Robert B. Underhill, Ben F. Tennille, associate general counsels; Robert H. Stevens, Jr., Barbara K. Eisenberg, asst. gen. counsels; Robert T. Abbott, Roy M. Phipps Jr., asst. treasurers.

Directors: Horace C. Jones, Joseph W. Barr, Frank S. Greenberg, Frank S. Jones, John K. McKinley, Joseph F. Abely, Jr., William A. Klopman, Ernest D. Ballard, Donald R. Hughes, Paul J. Rizzo, Michael J. Dargan, John P. Harbin, Louis von Plama; John J. Horan, Lanty L. Smith.

Business Activities: A diversified manufacturer of textiles and related products for apparel, home and industry, the Company manufactures and merchandises apparel fabrics, yarns, carpets, rugs, mattress tickings, draperies, upholstery fabrics, bedspreads, comforters, and automotive fabrics and carpets. Industrial fabric products include specialized man-made fiber and fiber glass products. The Company has 71 plants in the United States and 12 plants in 4 other countries.

Trademarks and/or Brand Names:

Burlington House, Burlana, Bur-Mil, Burlington Ms., Cross-fire, Expandra, Galey & Lord, Goodall, Klopman, Lees, Mooresville, Pacific, Raeford, Alhuressa, Endo-Stut, Erwin, Knitovations, Millhealth, Mohara, Monticello, Pinfeather, Suraline, Tarpoon, The Figue, Ultra, Whipped Cream.

Divisions and Subsidiaries:

International Operations - Non-Consolidated

Burlington Industries, Inc.

Mitsubishi-Burlington Co., Ltd.
Tokyo, Japan
Residential and commercial carpeting.

Products for Apparel

Burlington Menswear
1345 Avenue of the Americas
New York, New York 10019
Worsied, worsted blend and textured woven fabrics for men's and women's wear and uniforms.

Burlington Denim
1345 Avenue of the Americas
New York, New York 10019
Cotton and cotton/polyester blend denim fabrics.

Klopman Fabrics
1345 Avenue of the Americas
New York, New York 10019
Woven fabrics for women's wear, men's wear, uniforms, home furnishings and institutional napery. High-performance fabrics for active sportswear.

Burlington Blended Fabrics
Polyester/cotton and cotton woven fabrics for men's, women's and children's wear, uniforms, workwear and sportswear; institutional napery; decorative fabrics for home furnishings; and protective fabrics for hazardous environment workwear.

Burlington Greige Sales
1345 Avenue of the Americas
New York, New York 10019
Filament and spun woven fabrics.

Burlington Madison Yarn
1345 Avenue of the Americas
New York, New York 10019
Textured nylon and polyester, KDK and spun synthetic yarns.

Burlington Knitted Fabrics
Yarn dyed and piece dyed spun and filament circular knitted fabrics for men's, women's and children's wear.

Burlington Prints
Printed, woven and knitted fabrics for men's, women's and children's wear and non-apparel uses.

Burlington Home Sewing Fabrics
Finished apparel fabrics for the home sewing market.

Products for the Home Carpet Group

Burlington House Area Rugs
919 Third Avenue
New York, New York 10022
Tufted both and area rugs.

Burlington House Carpets
919 Third Avenue
New York, New York 10022
Tufted residential carpets.

Lees Carpets
Valley Forge Corporate Center
King of Prussia, Pennsylvania 19406
Tufted residential carpeting.

Monticello Carpet Mills
1345 Avenue of the Americas
New York, New York 10019
Tufted residential carpeting.

Lees Commercial Carpets
Tufted and woven carpeting and tufted carpet tiles for the commercial market.

Domestics

Burlington House Converter Fabrics
Drapery fabrics for the custom drapery market.

Burlington House Draperies
Ready-made and made-to-measure draperies, sheets and bedspread ensembles.

Burlington House Ticking
Damask and striped mattress tickings for residential, contract and institutional markets.

Burlington House Upholstery Fabrics
Woven fabrics and tufted velvets for the residential and commercial upholstered furniture market.

C.H. Masland & Sons
Floor, interior trim and trunk parts for the automotive industry. High-fashion area rugs and carpets for residential, commercial and designer markets.

Military Fabrics
Specially engineered fabrics for military apparel and equipment.

Products for Industry

Burlington Glass Fabrics
1345 Avenue of the Americas
New York, New York 10019
Fiber glass fabrics, tapes, and high temperature insulating materials.

Burlington Industrial Fabrics
1345 Avenue of the Americas
New York, New York 10019
Heavy synthetic industrial fabrics.

Burlington Formed Fabrics
Non-woven fabrics for home furnishings, industrial and medical applications.

Burlington Impression Fabrics
Fabrics for typewriters, computer printers and other applications.

Burlington Performance Fabrics
Woven lightweight synthetic fabrics engineered for high-performance end uses.

Other Domestic Operations

Valley Forge Information Service
Market research and opinion polling services.

B.I. Transportation Inc.
Private and common motor carrier and domestic and international traffic services.

Burlington Trading Company
Development of new international markets for Burlington products.

International Operations - Consolidated

Burlington Carpet Mills Canada, Ltd.
Bramalea, Ontario, Canada
Residential and commercial carpeting.

Burlington Canada, Inc.
Dorval, Quebec, Canada
Woven narrow fabrics for industrial uses, and knitted apparel fabrics.

Burlington Industries (Ireland), Ltd.
Tralee, Ireland
Polyester/cotton greige fabrics and textured yarn products.

Burlington Sportswear Fabrics Limited
Longford, Ireland
Indigo denim fabrics for men's, women's and children's wear.

Klopman International S.p.A.
Forinone, Italy
Polyester/cotton fabrics for leisure wear and uniforms.

Nobilis-Lees S.A. de C.V.
Cuernavaca, Mexico
Residential carpeting.

Textiles Morelos S.A. de C.V.
Cuernavaca, Mexico
Woven fabrics for apparel and home furnishings.

Insuralex, Ltd.
Hamilton, Bermuda
General reinsurance.

Leedye, Inc.
Lachine, Quebec, Canada
Finishing services for knitted fabrics manufacturers.

Masland of Canada, Ltd.
Richdale, Ontario, Canada

Floor, interior trim and trunk parts for the automotive industry.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
Shareholder Service Division
1 New York Plaza
New York, New York 10005

Stock Exchange(s): New York, Boston, Cincinnati, Midwest, Pacific, Philadelphia

Ticker Symbol: BUR

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	\$ 2,778,132	\$ 56,531
1985	2,802,134	12,574
1984	3,168,760	62,399
1983	2,990,362	88,481
1982	2,876,205	52,487

	No. of Com. Shares	Earn. per Share \$
1986	27,468,490	\$ 2.01
1985	28,583,382	0.44
1984	28,531,102	2.18
1983	28,769,172	3.10
1982	28,519,945	1.85

† Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Apparel prods.	\$1,664,400,000	\$1,586,200,000
Home prods.	812,700,000	941,400,000
Industry prods.	301,000,000	274,500,000
Total	\$2,778,100,000	\$2,802,100,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.64	—	—
1985	1.64	—	—
1984	1.61	—	—
1983	1.52	—	—
1982	1.52	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	\$ 1,140,431	\$ 41.52
1985	1,150,779	40.26
1984	1,193,266	41.82
1983	1,197,421	41.62
1982	1,151,885	40.39

Income Account *

Year ended	9/27/86	9/28/85
Net sales	\$ 2,778,132	\$ 2,802,134
Cost of sales	2,443,414	2,552,525
Expenses	216,622	219,840
Other income	(30,262)	(26,930)
Interest expense	41,923	49,194
Income before taxes	\$ 106,435	\$ 7,505
Income taxes (credit)	49,904	(5,069)
Net Income	\$ 56,531	\$ 12,574

* Included in Costs and Expenses, Depreciation and Amortization: \$139,910,000 in 1986 and \$138,848,000 in 1985.

Assets

As of	9/27/86	9/28/85
Cash	\$ 40,013	\$ 35,199
Investments	54,857	50,118

Burlington Industries, Inc.

Accounts receiv., net	509,640	477,904
Sundry notes receiv.	28,011	44,231
Deferred taxes	14,466	26,856
*Inventories	327,286	368,330
Prepaid expenses	12,856	9,145
Current Assets	\$ 987,129	\$ 1,011,783
Investments & receiv.	54,326	49,160
#Fixed assets	1,082,454	1,069,480
Other assets	57,498	8,220
Total Assets	\$ 2,181,407	\$ 2,138,643

Liabilities (000's)

Notes payable	\$ 45,306	\$ 60,875
Long-term debt, curr.	30,971	38,615
Accts. payable	175,069	152,483
Accruals & sundry accts. payable	144,225	149,481
Income taxes	17,116	3,497
Curr. Liabilities	\$ 412,687	\$ 404,951
Long-term debt	392,327	380,544
Other liabilities	47,445	38,022
Deferred inc. taxes	188,517	164,347
+ Common stock	28,898	28,898
Add. paid-in capital	220,317	220,493
Retained earnings	1,002,570	992,371
Treasury stock	(63,362)	(82,951)
Foreign curr. trans.	(47,992)	(8,032)
Total Liabilities & Shareholders' Equity	\$ 2,181,407	\$ 2,138,643

* At lower of cost or market. Domestic inventories at "dollar value" LIFO; foreign at average cost.
Less accumulated depreciation, amortization and obsolescence.
+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	3.83	0.27
%Net Income to Sales	2.03	0.45
%Net Income to Equity	4.96	1.09
Sales to Inventories	8.49	7.61
Debt to Equity	0.41	0.42
Working Capital	\$ 574,442,000	\$ 606,832,000
Current Ratio	2.39	2.50
Shareholders' Equity	\$1,140,431,000	\$1,150,779,000

Carolina Mills, Inc.

618 Carolina Avenue
Post Office Box 157
Maiden, North Carolina 28650
(704) 428-9911

Officers: Edward P. Schrum, president, treasurer & chief executive officer; Jerry Harbinson, v.p.-adms. & secretary; T.P. Pruitt, Jr., v.p.-Weaving Division & asst. treasurer; Kenneth C. Isaac, v.p.-Knit Finishing Division; Stephen Dobbins, v.p.-sales yarn mfg.; George A. Moretz, v.p.-yarn manufacturing & asst. secretary; George A. Moretz, v.p.-Sales Yarn Division.

Directors: Julius W. Abernethy, Jr., Claude S. Abernethy, Jr., Julius W. Abernethy, III, Dan Mark Boyd, III, Harshel H. Keener*, George A. Moretz, Edward P. Schrum*, Charles H. Sigmon, T.P. Pruitt, Jr., J.L. Thompson, Jr., Robert A. Ragan.

* Member of the Executive Committee.

Business Activities: Produces yarns for knit outerwear, home furnishings, silver knit, elastic webbing and flame retardant children's sleepwear, cotton flannel for the work glove trade, upholstery fabrics and also finishes circular knit fabrics.

Plant Location(s): Maiden, Newton, Statesville, Hickory, Lincolnton, and Randle, North Carolina.

Divisions:

Yarn Division — Sales
Maiden, Lincolnton, Randle, Newton & Statesville, North Carolina

Yarn Division — Manufacturing
Maiden, Statesville, Lincolnton & Randle, North Carolina

Knit Finishing Division
Newton, North Carolina

Weaving Division
Newton, North Carolina

Woven Fabric Division
Newton & Hickory, North Carolina

Furniture Division
Maiden, North Carolina

Subsidiaries:

Carolina Mills Corporation
Maiden, North Carolina
New York, New York
Yarn sales agency.

Carolina Mills Domestic International
Sales Corporation (DISC)
Maiden, North Carolina

Null Manufacturing
Maiden, North Carolina
Exposed wood and fully upholstered furniture; selected case goods.

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1986	\$ 187,884,211	\$ 7,773,307
1985	158,120,387	4,325,350
1984	166,627,333	5,522,672
1983	154,490,368	4,843,926
1982	134,733,139	4,340,319

	No. of Com. Shares	Earn. per Share
1986	3,988,469	\$ 1.96
1985	3,936,839	1.09
1984	3,998,393	1.38
1983	3,995,798	1.21
1982	3,999,900	1.11

† Restated to reflect adjustments occasioned by the Internal Revenue Service examination.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.52	—	—
1984	0.54	—	—
1983	0.50	—	—
1982	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 54,041,111	\$ 13.55
1985	48,437,934	12.30
1984	46,533,628	11.64
1983	43,160,340	10.80
1982	40,344,791	10.09

† Restated.

Income Account *

Year ended	9/27/86	9/28/85 †
Net sales	\$ 187,884,211	\$ 158,120,387
Cost of sales	170,939,815	149,959,247
Other charges	2,852,267	1,213,343
Income before taxes	\$ 14,092,129	\$ 6,947,797
Income taxes	6,318,822	2,622,447
Net income	\$ 7,773,307	\$ 4,325,350

* Included in Costs and Expenses, Depreciation and Amortization: \$5,849,250 in 1986 and \$5,368,381 in 1985.
† Restated.

Assets

As of	9/27/86	9/28/85 †
Cash	\$ 701,519	\$ 3,073,636
Notes receiv.	121,621	104,576
Accts. receiv., net	26,238,231	20,738,054
*Inventories	16,816,644	17,693,078
Temporary investments	3,265,665	2,288,409
Prepaid expenses	138,993	92,134
Overpayment of taxes	122,333	314,075

Current Assets	\$ 47,405,006	\$ 44,303,962
Investments	1,930	3,050
#Fixed assets	38,462,125	37,439,111
†Leased prop. under cap. leases	38,764	64,607
Other assets	1,730,247	1,028,782
Total Assets	\$ 87,638,092	\$ 82,839,512

Liabilities

Notes payable	\$ 4,771,718	\$ 9,986,000
Accts. payable	8,528,039	7,417,326
Accruals	5,448,606	3,045,947
Income taxes	462,503	236,695
Oblig. under cap. leases	37,605	32,558

Curr. Liabilities	\$ 19,248,491	\$ 20,738,526
Long-term debt	14,348,490	13,663,052
+ Common stock	3,988,469	3,936,859
Add. paid-in capital	4,715,492	4,496,038
Retained earnings	45,394,650	40,005,037
Treasury stock	(57,500)	—

Total Liabilities & Shareholders' Equity	\$ 87,638,092	\$ 82,839,512
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† Restated.

* At lower of cost (FIFO, LIFO or average) or market.

Less accumulated depreciation.

† Less accumulated amortization.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	7.50	4.39
%Net Income to Sales	4.14	2.74
%Net Income to Equity	14.38	8.00
Sales to Inventories	11.17	8.94
Debt to Equity	0.27	0.28
Working Capital	\$28,156,515	\$23,565,436
Current Ratio	2.46	2.14
Shareholders' Equity	\$54,041,111	\$48,437,934

Colanese Canada Inc.

800 Dorchester Boulevard West
Montreal H3B 1Z1, Quebec, Canada
(514) 871-5511

Officers: Pierre Cote, chairman of the board; Paul H. Williams, exec. v.p. & president-Textile Group; Jean Richard, v.p.-human resources; James K. Lambie, v.p.-corp. development & government relations; J. Stewart Browning, v.p.-corp. affairs & secretary; Jacques Binette, v.p., controller & treasurer; Donald J. McLeod, Thomas Symons, Mrs. Jean Casselman Wadda, John A. Fennie, William B. Harris*, Paul H. Williams*.

Directors: Pierre Cote*, chairman; Harry B. Bartley, Jr., Laurent Beaudoin*, Marcel Belanger, Raymond A. Chevier, Robert L. Mitchell, W.I.M. Turner, Jr., Arthur A. Cooksey, Donald J. McLeod, Thomas Symons, Mrs. Jean Casselman Wadda, John A. Fennie, William B. Harris*, Paul H. Williams*.

*Member of the Executive Committee.

Business Activities: Engaged in the production of man-made fibres, broadwoven fabrics, chemicals and industrial products. The Textile Group is divided into two business units. Textile Fibres manufactures and markets textured polyester filament yarns, acetate filament yarns, as well as apparel, household and carpet staple products. Industrial Fibres manufactures and markets polyester heavy denier industrial filament yarns and staple products.

Celanese Corporation

Trademarks and/or Brand Names: Fortrel, Protel, Sundance, Celanese, Canadian Mist, Celisa, Celacioud, Celaster, Celaplan, Celtron, Lanese.

Plant Location(s): Drummondville, Quebec; Millhaven, Ontario.

Subsidiaries:

Celanese A.G.
Basel, Switzerland

Monterey Textiles Inc. (75% owned)

Montreal, Quebec, Canada

Operates fabric weaving, dyeing and finishing facilities in Drummondville and Saint-Jean-sur-Richelieu, Quebec, Canada.

Transfer Agent(s):

Montreal Trust Company (common & preferred shares)
Edmonton, Montreal, Toronto, Vancouver, Canada

Mellon Securities Trust Company (common shares only)
New York, New York

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: CCLM (Montreal), CCLT (Toronto)

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 345,200,000	\$ 18,766,000
1985	337,500,000	12,555,000
1984	344,100,000	6,231,000
1983	337,900,000	8,997,000
1982	272,000,000	(5,579,000)
	No. of Com. Shares	Earn. per Share
1986	13,573,441	\$ 1.32
1985	13,566,960	0.87
1984	13,531,174	0.40
1983	13,537,072	0.61
1982	13,528,199	—

(Loss)

+ Of continuing operations only.

Revenues By Line of Business

	1986	1985
Polyester & polypropylene	\$ 133,718,000	\$ 132,656,000
Cellulosic fibres & fabrics	61,159,000	45,330,000
Industrial prods.	77,374,000	73,890,000
Chemicals	102,747,000	109,360,000
Eliminations	(29,819,000)	(23,778,000)
Total	\$ 345,179,000	\$ 337,458,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.76	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.05	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	\$ 133,390,000	\$ 9.83
1985	125,663,000	9.26
1984	116,460,000	8.59
1983	113,625,000	8.39
1982	106,004,000	7.84

‡ After allowing for preferred stock at redemption values.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 345,179	\$ 337,458
Cost of sales	296,632	299,317

Expenses	19,878	19,677
Interest & debt. exp.	2,310	6,239
Other income	(2,736)	(4,572)
Income bef. taxes	\$ 29,095	\$ 16,797
Income taxes	10,329	4,242
Net Income	\$ 18,766	\$ 12,555

* Included in Costs and Expenses, Depreciation and Amortization: \$23,919,000 in 1986 and \$22,113,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash & invest.	\$ 2,985	\$ 1,760
Receiv., net	63,942	71,887
*Inventories	36,743	40,442
Other assets	2,587	2,083
Deferred taxes	11,494	11,807
Current Assets	\$ 117,751	\$ 127,979
#Fixed assets	117,906	129,227
Other assets	3,090	4,661
Invest. in subsid.	8,492	8,898
Total Assets	\$ 247,239	\$ 270,765

Liabilities (000's)

Long-term debt. curr.	\$ —	\$ 7,430
Accts. payable & accruals	61,469	59,704
Income taxes	10,654	4,266
Curr. Liabilities	\$ 72,123	\$ 71,400
Unrealized gain	—	5,829
Long-term debt	—	25,000
Deferred inc. taxes	23,339	24,486
+ Preferred stock	12,363	12,363
+ Common stock	49,986	49,874
Retained earnings	89,428	81,813
Total Liabilities & Shareholders' Equity	\$ 247,239	\$ 270,765

* LIFO cost.
accumulated depreciation and amortization.
+ at par value.

Statistical Summary

%Income bef. Taxes to Sales	8.43	4.52
%Net Income to Sales	5.44	3.38
%Net Income to Equity	12.36	8.72
Sales to Inventories	9.39	9.19
Debt to Equity	0.40	0.23
Working Capital	\$ 45,628,000	\$ 56,579,000
Current Ratio	1.63	1.79
Shareholders' Equity	\$151,777,000	\$144,050,000

Celanese Corporation

(Acquired by Hoechst AG of West Germany in February 1987)

1211 Avenue of the Americas
New York, New York 10036
(212) 719-8000

Officers: John D. Macomber, chairman of the board, president & chief exec. officer; Robert L. Mitchell, vice chairman; C. Robert Tully, v.p. & chief financial officer; Kenneth G. Anderson, v.p.-employee affairs; Harry B. Bartley, Jr., v.p. & president-Celanese Chemical Company, Inc.; James J. Bigham, v.p. & pres.-Celanese International Co.; Harry W. Buchanan, v.p. & chairman-Virginia Chemicals, Inc.; Richard M. Clarke, group v.p.-Celanese Specialty Operations; Arthur A. Cooksey, v.p. & controller; John A. Fennie, v.p. & president-Textile Fibers; David W. Lodge, v.p. & treasurer; Robert A. Longman, v.p. & general counsel; Ronald K. Shelp, v.p.; Richard S. Payne, v.p. & director of taxation; Ernest H. Drew, group v.p.-Fibers Operations; David A. Jenkins, secretary.

Directors: Robert Anderson*, John W. Brooks, Ida Larkin Clement, Eleanor T. Elliott, Frederic C. Hamilton, Vernon E. Jordan, Jr.*, B.A. Bridgewater Jr., John D. Macomber*, Paul L. Miller*, J. Paul Sticht*, Robert L. Mitchell, C. Robert Tully, Howard C. Kauffman.

* Member of the Executive Committee.

Business Activities: Develops, manufactures and markets polyester and nylon fibers for textile and industrial end uses; cellulosic fibers, including acetate and Arnel triacetate filament yarn, and staple fiber for textile end uses and acetate tow for cigarette filters; chemical production includes acrylate esters, acetic acid, acetic anhydride, acetaldehyde, formaldehyde, methanol, 1,3-butylene glycol, trimethylolpropane, pentaerythritol, vinyl acetate acrylic acid, and nylon salt; plastics products include "Celgard" microporous polypropylene film and plastic pipe and fittings; resins such as "Celcon" acetal copolymer for automotive, industrial and plumbing applications, "Celanex" thermoplastic polymer for automotive, industrial and electrical markets, and nylon resin; structural adhesives, fiberglass and graphite reinforced composite materials, epoxies, curing agents, alkyds, acrylic solutions, acrylic emulsions and vinyl acetate emulsions used in coatings, electrical components, industrial finishes, adhesives, reinforced plastics, paper and textile applications. Also produces paints, metal decorating and coil coatings, food additives and specialty chemicals.

Trademarks and/or Brand Names: Arnel, Celcon, Celgard, Fortrel, Celanese, Darel, Duraloy, Vectra.

Textile Divisions & Subsidiaries:

U.S. Fibers Group

Celanese Fibers Marketing Company
1211 Avenue of the Americas
New York, New York 10036
(212) 719-8000

Fiber Industries, Inc. (62.5% owned)

Charlotte, North Carolina

Polyester staple and polymer, polyester filament. Plants are located in: Darlington & Greenville, South Carolina, Fayetteville, Salisbury & Shelby, North Carolina.

Celanese Fibers Company

Charlotte, North Carolina

Acetate and triacetate filament, flake and cigarette tow, plasticizer. Plants are located in: Cumberland, Maryland, Narrows, Virginia.

Pama Manufacturing, Inc.

Gastonia, North Carolina

Produces tricot fabric.

International Fibers

Amcor Europe S.A.

Brussels, Belgium

Produces acetate and triacetate filament.

Celanese do Brasil Fibras Químicas Ltda.

Sao Paulo, Brazil

Produces nylon textile filament and carpet yarn, polyester filament and staple.

Celanese do Brasil Nordeste S.A.

Salvador, Brazil

Polyester filament and staple.

Celanese Canada Inc. (56.2% owned)

800 Dorchester Boulevard West

Montreal, Quebec H3C 3K8

Canada

(514) 871-5511

Produces acetate, triacetate and polypropylene filament and staple, cigarette tow, acetate flake, fabrics, polyester filament, staple and industrial yarn.

Celanese Mexicana, S.A. (40% owned)

Mexico City, Mexico

Manufactures acetate filament and cigarette tow; rayon filament and staple; polyester filament, staple and industrial yarn; nylon filament staple and industrial yarn; acrylic staple, tow and top; acetate flake and purified cotton linters.

Rayon y Celanese Peruana, S.A. (33.3% owned)

Lima, Peru

Acetate and rayon filament; polyester filament and staple; rayon staple.

Celanese Corporation

Celanese Venezolana, S.A.
Caracas, Venezuela

Acetate filament and cigarette tow; polyester filament and staple.

Amcel Co., Inc. (DISC)
Celanese International Company
Celanese International Marketing Company

All at: 1211 Avenue of the Americas
New York, New York 10036

Sales and Earnings			
	Net Sales (000's)	Net Income (000's)	
1985	\$ 3,046,000	\$ 178,000	
1984	3,328,000	161,000	
1983	3,261,000	112,000	
1982	3,062,000	(34,000)	
1981	3,752,000	144,000	
	No. of Com. Shares #	Earn. per Share #	
1985	12,706,000	\$ 13.70	
1984	14,431,000	10.87	
1983	15,608,000	6.89	
1982	15,600,000	—	
1981	15,528,000	9.01	

(Loss)

Based on the average number of shares outstanding.

Revenues By Line of Business (000's)			
	1985	1984	
U.S.:			
Chemicals	\$ 964,000	\$ 950,000	
Fibers:			
Polyester	1,467,000	1,625,000	
Cellulosics	558,000	670,000	
Plastics & specialties	57,000	83,000	
Total	\$ 3,046,000	\$ 3,328,000	

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1985	\$4.50	—	—
1984	4.10	—	—
1983	4.00	—	—
1982	4.00	—	—
1981	3.85	—	—
Common Stock Equity			
	Total Equity †	Equity Per Share	
1985	\$ 928,000,000	\$ 68.77	
1984	1,009,000,000	74.66	
1983	1,079,000,000	68.77	
1982	1,041,000,000	66.78	
1981	1,142,000,000	73.15	

† After allowing for preference stock at liquidation value.

Income Account * (000's)			
Year ended Dec. 31	1985	1984	
Net sales	\$ 3,046,000	\$ 3,328,000	
Cost of sales	2,555,000	2,696,000	
Expenses	364,000	360,000	
Oper. profit	\$ 127,000	\$ 272,000	
Interest income	140,000	36,000	
Total	\$ 267,000	\$ 308,000	
Eq. in net income of affils.	(25,000)	(28,000)	
Interest expense	52,000	74,000	
Income bef. taxes	\$ 240,000	\$ 262,000	
Income taxes	60,000	101,000	
Minority interest	2,000	—	
Net Income	\$ 178,000	\$ 161,000	

* Included in Costs and Expenses, Depreciation and Amortization: \$246,000 in 1985 and \$214,000 in 1984.

Assets (000's)			
As of Dec. 31	1985	1984	
Cash & marketable securities	\$ 369,000	\$ 166,000	
Receivables from pension	—	370,000	
Receiv., net	396,000	439,000	
*Inventories	389,000	428,980	
Other assets	7,000	32,000	
Current Assets	\$ 1,161,000	\$ 1,435,000	
Investments	228,000	200,000	
*Fixed assets	1,217,000	1,349,000	
Other assets	203,000	120,000	
Total Assets	\$ 2,809,000	\$ 3,104,000	
Liabilities (000's)			
Notes payable	\$ 15,000	\$ 6,000	
Long-term debt, curr.	38,000	77,000	
Accts. payable & accruals	507,000	467,000	
Income taxes	304,000	319,000	
Curr. Liabilities	\$ 864,000	\$ 869,000	
Long-term debt	434,000	662,000	
Deferred pension gain	301,000	333,000	
Minority interest	104,000	112,000	
Deferred inc. taxes	89,000	29,000	
Preferred stock:			
+ Series A 4½%	85,000	85,000	
+ + Convertible	—	1,000	
+ 7% Second	3,000	3,000	
+ + Common stock	387,000	306,000	
Add. paid-in capital	28,000	27,000	
Retained earnings	995,000	878,000	
For. trans. adj.	(15,000)	(29,000)	
Treasury stock	(466,000)	(172,000)	
Total Liabilities & Shareholders' Equity	\$ 2,809,000	\$ 3,104,000	

* At LIFO.

Less accumulated depreciation & amortization.

+ \$100 par value.

+ + No par value.

Statistical Summary			
%Income bef. Taxes to Sales	7.88	7.87	
%Net Income to Sales	5.84	4.84	
%Net Income to Equity	17.50	14.65	
Sales to Inventories	7.83	7.78	
Debt to Equity	0.48	0.68	
Working Capital	\$ 297,000,000	\$ 566,000,000	
Current Ratio	1.34	1.65	
Shareholders' Equity	\$1,017,000,000	\$1,099,000,000	

Champion Products Inc.

3141 Monroe Avenue
Rochester, New York 14618
(716) 385-3200

Mailing address:

P.O. Box 850
Rochester, New York 14603

Officers: John J. Tanis, chairman; Roger Holland, president & chief exec. officer; Harold S. Feinbloom, sr. v.p.; William T. Loftus, v.p.-engineering & research & development; Fred W. Z. Lulof, v.p. & gen. mgr.-retail & institutional; Gerald F. Norton Jr., secretary & general counsel; Ambrose J. Paridon, v.p. & gen. mgr.-athletic & institutional; Thomas D. Sheehy, v.p.-operations; John F. Hackett, treasurer; Kenneth R. Knight, v.p.-corporate services; Harry R. Flaherty, controller.

Directors: Angelo A. Costanza, Harold S. Feinbloom*, Robert Van Buren, Sanford J. Liebschutz, John J. Tanis*, Grady W. Lewis, John M. Emery, Harold Lipson*, Roger Holland*.

* Member of the Executive Committee.

Business Activities: Operates a chain of factory outlet stores located in New York, Massachusetts and Oregon. Engaged in the production, processing, and distribution of athletic uniforms, physical education wear, campus casual wear, camp wear, and leisure wear.

Trademarks and/or Brand Names: Champion, Champion U.S.A., Champknit, Doral, Taper-T, Norset, Endurall, Reverse Weave, Skivvies.

Plant Location(s): Geneseo, Livonia, Perry & Norwich, N.Y.; Clayton, Asheville, Wendell, Weaverville, N.C.; Fitzgerald, Georgia.

Subsidiary:

Champion Outerwear Company
Fitzgerald, Georgia

An apparel manufacturing company specializing in jackets and outerwear.

Joint Venture:

Champion Products, GmbH (50%-owned)
Munich, West Germany

Operates a chain of franchised Champion Shops in West Germany.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
One Lincoln First Square
Rochester, New York 14643

Stock Exchange(s): American

Ticker Symbol: CH

Sales and Earnings			
	Net Sales	Net Income †	
1986	\$ 141,008,000	\$ 4,932,000	
1985	118,414,000	2,363,000	
1984	112,483,000	1,660,000	
1983	105,897,000	1,820,000	
1982	105,541,000	790,000	
	No. of Com. Shares	Earn. per Share ‡	
1986	1,690,672	\$ 2.95	
1985	1,669,330	1.44	
1984	1,639,351	1.01	
1983	1,637,521	1.08	
1982	1,708,621	0.46	

† Including extraordinary gain of \$213,000 (\$0.13 per share) in 1984.

‡ Based on the weighted average number of shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.72	—	—
1985	0.72	—	—
1984	0.72	—	—
1983	0.72	—	—
1982	0.72	—	—

Common Stock Equity			
	Total Equity	Equity Per Share	
1986	\$ 43,635,000	\$ 25.81	
1985	39,129,000	23.44	
1984	37,507,000	22.88	
1983	37,007,000	22.60	
1982	37,430,000	21.91	

Income Account *			
Year ended Dec. 31	1986	1985	
Net sales	\$ 141,008,000	\$ 118,414,000	
Cost of sales	104,601,000	90,827,000	

The Cherokee Group

Expenses	25,671,000	23,039,000
Interest expense	1,141,000	663,000
Income bef. taxes	\$ 9,595,000	\$ 3,885,000
Income taxes	4,663,000	1,522,000
Net Income	\$ 4,932,000	\$ 2,363,000

* Included in Costs and Expenses, Depreciation: \$2,059,000 in 1986 and \$1,961,000 in 1985.

As of Dec. 31	1986	1985
Cash	\$ 4,078,000	\$ 8,841,000
Accts. receiv., net	20,345,000	14,343,000
*Inventories	33,596,000	21,948,000
Other assets	1,372,000	720,000
Current Assets	\$ 59,391,000	\$ 45,852,000
#Fixed assets	21,277,000	12,586,000
Other assets	1,048,000	193,000
Total Assets	\$ 81,716,000	\$ 58,631,000

Liabilities	1986	1985
Long-term debt, curr.	\$ 1,593,000	\$ 774,000
Accts. payable	9,955,000	3,812,000
Notes payable	2,417,000	—
Accrued taxes	744,000	431,000
Accrued payroll	5,041,000	4,068,000
Obligations under capitalized leases	266,000	210,000
Other liabilities	3,401,000	1,831,000

Curr. Liabilities	\$ 23,417,000	\$ 11,126,000
Long-term debt	12,679,000	6,758,000
Oblig. under cap. leases	295,000	392,000
Def. inc. taxes	1,690,000	1,226,000
+ Common stock	1,773,000	1,765,000
Add. paid-in capital	12,572,000	11,946,000
Retained earnings	30,442,000	26,717,000
Treasury stock	(1,152,000)	(1,299,000)
Total Liabilities & Shareholders' Equity	\$ 81,716,000	\$ 58,631,000

* At lower of cost (LIFO) or market cost.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary	1986	1985
%Income bef. Taxes to Sales	6.80	3.28
%Net Income to Sales	3.50	2.00
%Net Income to Equity	11.30	6.04
Sales to Inventories	4.20	5.40
Debt to Equity	0.29	0.19
Working Capital	\$35,974,000	\$34,726,000
Current Ratio	2.54	4.12
Shareholders' Equity	\$43,635,000	\$39,129,000

Chatham Manufacturing Company

East Main Street
P.O. Box 620
Elkin, North Carolina 28621
(919) 835-2211

Officers: Alan L. Payne, president & chief executive officer; W.F. Altemueller, exec. v.p.; C. Louis Neaves, sr. v.p.; Richard F. Callaway, D. Nelson Lowe, C. Jack Moore, Jr., v.p.; Franklin Williams, A. D. Andrews, James L. Lowe, v.p.; Lucy C. Everett, v.p. & secretary; David H. Cline, III, v.p. & treasurer; James C. Heckel, asst. secretary & asst. treasurer.

Directors: Barbara F. Chatham, J. Scott Cramer, Lucy C. Everett*, Charles A. McLendon*, William M. Butler, Alex Chatham, Jr., Alan T. Dickson*, Frank B. Hanes, Ben T. Craig, James H. Martin, Jr., Alan L. Payne*, Calder W. Womble*.

*Member of the Executive Committee.

Business Activities: Engaged in the production and sale of blankets, upholstery, mattress pads, casements, and yarns.

Trademarks and/or Brand Names: Chatham, Fiberwoven, Restwarmer, Ultra Restwarmer, North Star, Edmond, Prestige, Rest Smart, Rest Secure, Rest Protector, Lifetime.

Plant Location(s): Elkin, Boonville & Eden, N.C.

Subsidiaries:

The Fiberwoven Corporation
Dybak, Inc.
Chatham Smith Corporation

All at:
Elkin, North Carolina 28621

Transfer Agent(s):

Chatham Manufacturing Co.
Elkin, North Carolina 28621

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CHAT (NASDAQ)

	Sales	Earnings
	Net Sales +	Net Income ‡
1986	\$ 124,399,000	\$ 5,189,000
1985	119,983,000	3,199,000
1984	123,610,000	4,756,000
1983	112,164,470	4,535,960
1982	93,141,987	1,782,702
	No. of Com. Shares	Earn. per Share ‡ †
1986	1,682,000	\$ 3.07
1985	1,682,000	1.79
1984	1,800,000	2.63
1983	1,800,000	2.50
1982	1,800,000	0.98

+ Includes service income.

† Based on the weighted average number of shares outstanding.

‡ Including income in equity of joint venture.

Common Stock	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—
1984	0.88	—	—
1983	0.70	—	—
1982	0.60	—	—

Common Stock Equity	Total Equity ‡	Equity Per Share
1986	\$ 56,523,355	\$ 33.60
1985	52,697,642	31.32
1984	53,700,710	29.83
1983	50,528,217	28.07
1982	47,261,612	26.25

‡ After allowing for preferred stock at par value.

Income Account *	1986	1985
Year ended Dec. 31		
Net sales & services	\$ 124,398,937	\$ 119,982,696
Cost of sales	100,769,739	98,140,251
Expenses	13,559,705	13,936,164
Interest expense	579,160	555,864
Other charges	503,918	1,923,856
Interest income	(134,856)	(239,005)
Income bef. taxes	\$ 9,121,271	\$ 5,665,566
Income taxes	3,932,631	2,466,756
Net Income	\$ 5,188,640	\$ 3,198,810

* Included in Costs and Expenses, Depreciation and Amortization: \$2,216,609 in 1986 and \$2,022,569 in 1985.

As of Dec. 31	1986	1985
Cash and time deposits	\$ 3,538,222	\$ 4,459,912
Marketable secur.	1,871,776	1,944,390
Receiv., net	18,381,899	19,832,803
*Inventories	26,305,227	25,846,385
Prepaid expenses	1,668,783	1,650,596
Current Assets	\$ 51,765,907	\$ 53,734,286
#Fixed assets	19,231,107	14,446,029
Other assets	809,038	616,688
Total Assets	\$ 71,806,052	\$ 68,797,003

Liabilities	1986	1985
Long-term debt, curr.	\$ 500,000	\$ 500,000
Accts. payable	4,680,836	5,383,902
Accrued payroll	1,792,114	2,369,533
Income taxes	642,148	594,363
Other accruals	727,494	503,101
Dividends payable	336,470	336,470
Current Liabilities	\$ 8,679,062	\$ 9,687,369
Long-term debt	4,500,000	5,000,000
Deferred inc. taxes	13,417	—
Other liabilities	1,576,718	891,292
+ Preferred stock	513,500	520,700
+ + Common stock	1,800,000	1,800,000
Add. paid-in capital	1,076,628	1,072,963
Retained earnings	56,432,472	52,610,424
Treasury stock	(2,785,745)	(2,785,745)
Total Liabilities & Shareholders' Equity	\$ 71,806,052	\$ 68,797,003

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$100 par value; 4% cumulative.
+ + \$1 par value.

Statistical Summary	1986	1985
%Income bef. Taxes to Sales	7.33	4.72
%Net Income to Sales	4.17	2.67
%Net Income to Equity	9.10	6.01
Debt to Equity	0.08	0.10
Working Capital	\$43,086,845	\$44,046,917
Current Ratio	5.96	5.55
Shareholders' Equity	\$57,036,855	\$53,218,342

The Cherokee Group

12544 Satcoy Street
North Hollywood, California 91605
(213) 875-1002

Officers: James P. Argyropoulos, chairman of the board & chief exec. officer; Robert Margolis, president & chief operating officer; Gary D. Cooper, exec. v.p.; Arthur P. Argyris, pres.-Shoe Division; Terrance J. Smith, v.p. & chief financial officer; Jay L. Kester, marketing pres.-Apparel Division; Gloria G. Goldberg Teague, operations pres.-Apparel Division; Joe Gaspers, president-Licensing Division; Dan Zuckerman, exec. v.p.-Franchise Division; Milton Barad, v.p.-marketing & sales, Shoe Division; Grace Condos, pres.-Retail Division.

Directors: James P. Argyropoulos, chairman; Robert Margolis, Arthur P. Argyris, Norman L. Cowgill, Peter D. Tammy, Edwin W. Steidle, Gary D. Cooper.

Business Activities: Designs, manufactures and markets women's apparel, including pants, woven and knitted tops, skirts, overalls, jumpsuits, jeans and vests, under the Cherokee brand name and other private labels. Also manufactures women's footwear, and operates eight retail stores and one outlet store, mostly in the greater Los Angeles area.

Trademarks and/or Brand Names: Cherokee, Littlefoot, Kork-Ease, Hands On.

The Cherokee Group

Divisions:

Apparel Division
Shoe Division
Licensing Division
Retail Division
Franchise Division

Subsidiaries:

Cherokee Apparel Corporation
Cherokee Trading Corporation
Cherokee World Wide Corporation
Cherokee Franchising Corporation

Acquisition(s):

Priority Finishing Corporation (81%-owned)
Processes specialty textiles.

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Tick Symbol: CHKE (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 104,001,000	\$ 6,792,000
1985	83,634,000	4,369,000
1984	72,413,000	3,059,000
1983	48,299,000	1,676,000
1982	37,409,000	882,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	11,255,174	\$ 0.60
1985	11,374,092	0.38
1984	11,388,460	0.24
1983	8,028,152	0.21
1982	8,028,152	0.11

† Including extraordinary gain of \$323,000 (\$0.03 per share) in 1984.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1 & 2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 26,645,000	\$ 2.37
1985	19,163,000	1.68
1984	15,354,000	1.35
1983	4,959,000	0.62
1982	3,283,000	1.41

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

	11/29/86	11/30/85
Net sales	\$ 104,001	\$ 83,634
Cost of sales	65,123	53,882
Expenses	23,535	19,567
Factoring commission & int. exp.	1,533	1,541
Other expenses (income)	(48)	122
Income before taxes	\$ 13,858	\$ 8,522
Income taxes	7,066	4,253
Net Income	\$ 6,792	\$ 4,269

* Included in Costs and Expenses, Depreciation and Amortization: \$903,000 in 1986 and \$909,000 in 1985.

Assets (000's)

As of	11/29/86	11/30/85
Cash	\$ 396	\$ 1,246
Accts. receiv., net	23,466	18,315
*Inventories	18,063	14,148
Net invest. - direct. fin. lease	304	278
Prepaid expense:	586	854
Current Assets	\$ 43,317	\$ 34,841
#Fixed assets	2,503	2,253
Net invest. - direct. fin. lease	746	1,050
Other assets	1,182	424
Other investments	304	331
Intangibles	2,025	2,086
Total Assets	\$ 50,079	\$ 40,985

Liabilities (000's)

Bank loans	\$ 10,305	\$ 9,916
Long-term debt, curr.	280	410
Accts. payable & accruals	7,890	6,285
Income taxes	1,327	345
Curr. Liabilities	\$ 19,802	\$ 16,956
Long-term debt	955	1,669
Deferred inc. taxes	2,677	3,197
+ Common stock	8,036	7,446
Retained earnings	18,709	11,917
Deferred compensation	(100)	(200)
Total Liabilities & Shareholders' Equity	\$ 50,079	\$ 40,985

* At lower cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	13.52	10.19
%Net Income to Sales	6.53	5.10
%Net Income to Equity	25.49	22.28
Sales to Inventories	5.76	5.91
Debt to Equity	0.04	0.63
Working Capital	\$23,515,000	\$17,885,000
Current Ratio	2.19	2.05
Shareholders' Equity	\$26,645,000	\$19,163,000

Chesbrough-Pond's Inc.

(Acquired by Unilever N.V. on February 10, 1987)

Westport, Connecticut 06881-0851
(203) 222-3000

Officers: Morris Tabakablat, chairman of the board & chief executive officer; Robert M. Phillips, president & chief operating officer; Donald G. Wiesen, vice chairman & chief financial officer; George F. Goebeler, vice chairman, president & chief operating officer-consumer products group; Richard P. Scheifele, vice chairman; E.C. Galloway, exec. v.p.; Robert H. Mann, sr. v.p., secretary & general counsel; Anthony J. Butterworth, v.p. & president-International Division, Consumer Products Group; Raymond A. Balistio, v.p. & president-Prince Matchabelli Division; Charles B. Strauss, v.p. & president-Packaged Foods Division; Gary N. Malloch, v.p. & president-Health & Beauty Products Division; Roy Sambrook, vice chairman, president & chief operating officer-Chemical Products Group; Robert E. Crow, v.p. & president-Basic Chemicals Division; Conrad S. Kent, v.p. & president-Specialty & Food Products Division; Joseph F. Montelone, v.p. & president-International Division, Chemical Products Group; Milan J. Turk, v.p. & president-Agricultural Products Division; John M. Sullivan, v.p. & president-Prince Division; Melvin I. Davis, Edward C. Hughes, Kenneth R. Lightcap, George J. Luby, Theodore C. Mullins, Stephen E. Walls, Richard I. Mandes, William H. Schmitt, v.p.'s; Richard J. Roizhausen, v.p. & treasurer; Rocco Balestriere, controller.

Directors: Morris Tabakablat, chairman; George F. Goebeler, Robert H. Mann, Donald G. Wiesen, Richard P. Scheifele, Manfred Stach, Robert M. Phillips, Roy Sambrook.

Business Activities: Manufactures and markets consumer products, including cosmetics, medicinals, toiletries, fragrances, specialty foods, apparel, footwear, health care products and hospital supplies. The Prince Division manufactures and markets men's and women's tennis apparel and shoes. The Bass Division manufactures and markets casual footwear for the whole family.

Apparel Trademarks and/or Brand Names: Prince, Bass Secrets, Bass Bare Traps, Eclisse, Bass Weejuns, Bass Sunjuns.

Plant Locations: Huntsville, Alabama; Buena Park, Merced, North Hollywood, El Cajon & Stockton, California; Clinton, Conn.; Owensboro, Ky.; Wilton, Me.; Berlin, New Hampshire; Jefferson City, Mo.; Lawrenceville, N.J.; Oriskany Falls, Rochester, Sherburne & Watertown, N.Y.; Welcome, North Carolina; Levittown & Reading, Pennsylvania; Wytheville, Va.

Textile Subsidiary:

Prince Manufacturing, Inc.

Sales and Earnings

	Net Sales +	Net Income
1986	\$2,730,779,000	\$ 159,468,000
1985	2,242,672,000	82,174,000
1984	1,222,872,000	119,529,000
1983	1,171,141,000	127,878,000
1982	1,141,733,000	125,265,000
	No. of Com. Shares †	Earn. per Share †
1986	41,394,000	\$ 3.85
1985	34,997,000	2.35
1984	35,132,000	3.40
1983	35,768,000	3.58
1982	35,196,000	3.56

+ Of continuing operations only.

† Based on the weighted average number of shares.

Revenues By Line of Business

	1986	1985
Health beauty prod.	\$ 357,023,000	\$ 321,538,000
Packaged foods	413,234,000	346,396,000
Prince Matchabelli	115,710,000	130,166,000
International	445,874,000	396,646,000
Prince	75,727,000	61,945,000
Total consumer prod.	\$1,407,568,000	\$1,256,691,000
Chemical prod. group	1,323,211,000	985,981,000
Total	\$2,730,779,000	\$2,242,672,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.02	—	—
1985	2.00	—	—
1984	1.92	—	—
1983	1.84	—	—
1982	1.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$1,056,608,000	\$ 24.74
1985	678,273,000	19.20
1984	625,617,000	18.30
1983	649,945,000	18.27
1982	625,082,000	17.41

Income Account *

	1985	1984
Year ended Dec. 31		
Net sales	\$ 2,699,498	\$ 1,522,148
Cost of sales	1,579,690	693,670

Colgate-Palmolive Company

Expenses	902,708	645,757
Interest expense	179,056	55,070
Interest income	(34,368)	(15,068)
Gain on for. exch.	(12,256)	(3,639)
Other expense (income)	7,223	(127)
Income before taxes	\$ 77,445	\$ 146,485
Income taxes	12,776	57,083
Minority interest	4,319	(47)
Eq. in earn. of assoc. cos.	(7,610)	(2,898)
Inc. - cont. oper.	\$ 67,960	\$ 92,347
Inc. - discont. oper.	14,214	27,182
Net Income	\$ 82,174	\$ 119,529

* Included in Costs and Expenses, Depreciation: \$118,547,000 in 1985 and \$24,748,000 in 1984.

Assets (000's)		
As of Dec. 31	1985	1984
Cash & short-term invest.	\$ 69,964	\$ 100,566
Accts. receiv., net	506,519	365,054
*Inventories	657,498	502,894
Prepaid expenses	59,503	37,931
Assets of businesses held for sale	50,225	—
Current Assets	\$ 1,343,709	\$ 1,006,445
#Fixed assets	1,024,226	329,322
Invest. & other assets	184,169	53,092
Intangibles	455,946	58,451
Total Assets	\$ 3,008,050	\$ 1,447,310
Liabilities (000's)		
Notes payable	\$ 109,615	\$ 265,952
Long-term debt	85,072	3,516
Accts. payable & accruals	505,342	208,649
Income taxes	64,084	28,810
Curr. Liabilities	\$ 764,113	\$ 506,927
Long-term debt	1,174,349	243,929
Deferred taxes	141,024	26,689
Other liabilities	162,998	42,984
Minority interest	87,293	1,164
+ Common stock	36,180	36,180
Add. paid-in capital	92,678	96,331
Retained earnings	671,210	639,152
For. curr. trans. adjust.	(88,973)	(89,892)
Treasury stock	(32,822)	(76,154)
Total Liabilities & Shareholders' Equity	\$ 3,008,050	\$ 1,447,310

* At lower of cost or market. Consumer products group at FIFO, chemical products group at LIFO.
Less accumulated depreciation.
+ \$1 per value.

Statistical Summary		
%Net Income to Equity	12.12	19.11
Sales to Inventories	4.11	3.03
Debt to Equity	2.02	0.82
Working Capital	\$379,596,000	\$499,518,000
Current Ratio	1.76	1.99
Shareholders' Equity	\$678,273,000	\$625,617,000

Coated Sales, Inc.

P.O. Box 999
Two Industrial Drive, Suite C
Laurence Harbor, New Jersey 08879-0999
(201) 583-9600

Officers: Michael Weinstein, chairman of the board, chief exec. officer & treasurer; Ernest Glantz, president; Richard Bober, v.p. & secretary; Bruce M. Bloom, v.p.-finance & asst. treasurer; Philip I. Kagan, asst. secretary.

Directors: Michael Weinstein, chairman; Ernest Glantz, Richard Bober, Philip I. Kagan, Amber M. Brookman; Philip Erard, Robert Desai.

Business Activities: Develops and produces innovative fabrics and other products through specialized finishing, treating, and coating processes primarily for highly technical industrial use and other special applications.

Plant Location: Hazlet, New Jersey; Kanyon, Rhode Island.

Division:

Amber Brookman Fabrics Division
New York, New York
Markets industrial textile grade material to various luggage, sport and outdoor wear manufacturers.

Subsidiaries:

Coated Industries, Inc.
Hazlet, New Jersey
Kanyon Industries, Inc.
Kanyon, Rhode Island
Engaged in the coating, dyeing and finishing of textiles.

Coated Sales U.K. Ltd.
Nottingham, England
A Wholly: Cal-Pen Textiles, Inc.
Los Angeles, California
Wholesale distributor of industrial textiles.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RAGS (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 53,556,567	\$ 3,509,931
1985	27,461,638	677,567
1984	18,199,597	456,247
1983	9,965,420	(8,851)
	No. of Com. Shares ‡	Earn. per Share ‡
1986	15,893,370	\$ 0.240
1985	12,115,854	0.056
1984	10,000,000	0.046
1983	10,000,000	—

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 8,988,146	\$ 0.57
1985	5,163,684	0.43
1984	971,587	0.10
1983	515,340	0.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *		
Year ended Feb. 28	1986	1985
Net sales	\$ 53,556,567	\$ 27,461,638
Cost of sales	39,609,603	21,986,338
Expenses	4,863,774	2,569,603
Interest expense	2,284,286	1,600,130
Income before taxes	\$ 6,798,904	\$ 1,305,567
Income taxes	3,288,973	628,000
Net Income	\$ 3,509,931	\$ 677,567

* Included in Costs and Expenses, Depreciation and Amortization: \$144,630 in 1986 and \$33,457 in 1985.

Assets		
As of Feb. 28	1986	1985
Cash	\$ 252,319	\$ 118,429
Short-term invest.	1,641,890	—
Accts. receiv., net	11,140,815	1,880,437
Due from factor	296,866	453,361
Due from fin. inst.	3,161,152	—
*Inventories	11,486,033	8,585,649
Prepaid expenses	793,405	62,417
Current Assets	\$ 28,772,488	\$ 11,100,293
#Fixed assets	3,451,741	187,354
Exc. of purch. price over assets acq.	1,803,246	—
Other assets	528,641	31,658
Total Assets	\$ 34,556,116	\$ 11,319,305
Liabilities		
Notes payable	\$ 1,500,000	\$ —
Long-term debt, curr.	1,003,214	690,671
Accts payable	6,335,146	3,873,779
Accruals	725,417	139,322
Interest due on tax deficiencies	—	185,689
Income taxes	3,294,430	633,517
Curr. Liabilities	\$ 12,858,207	\$ 5,522,978
Long-term debt	12,275,993	632,643
Other liabilities	433,770	—
+ Common stock	135,684	134,684
Add. paid-in capital	3,793,377	3,587,346
Retained earnings	5,059,085	1,549,154
Indemnification receivable	—	(107,500)
Total Liabilities & Shareholders' Equity	\$ 34,556,116	\$ 11,319,305

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.01 per value.

Statistical Summary		
%Income bef. Taxes to Sales	12.69	4.70
%Net Income to Sales	6.55	2.47
%Net Income to Equity	39.05	13.12
Sales to Inventories	4.66	3.20
Debt to Equity	2.07	0.26
Working Capital	\$15,914,281	\$5,577,315
Current Ratio	2.24	2.01
Shareholders' Equity	\$ 8,988,146	\$5,163,684

Colgate-Palmolive Company

300 Park Avenue
New York, New York 10022
(212) 310-2000

Officers: Keith Crane, chairman of the board; Reuben Mark, president & chief exec. officer; Roderick L. Turner, sr. exec. v.p. & chief of operations-specialty marketing; Paul Jones exec. v.p. & chief financial officer; William S. Shanahan, J. Dale Sherratt, John M. Watkins, sr. exec. v.p.'s; Silas M. Ford, sr. v.p.; Jules Blake, Benjamin C. Davis, Jr., Peter D. McLeod, v.p.'s; Harold Ostler, v.p., gen. counsel & secretary; William G. Cooling, group v.p.; Thomas J. Volpe, v.p. & treasurer; Robert M. Agate, v.p. & controller; A. Courtenay Shepard, v.p. & gen. mgr.-Colgate-U.S.

Directors: Keith Crane, Vernon R. Alden, John P. Kendall, Frank Pace, Jr., Howard W. Blauvelt, Albert V. Casey, Reuben Mark, Howard B. Wentz, Jr., Jill K. Conway, John B. Carter, Thomas R. Wilcox.

Business Activities: Engaged in the manufacture and marketing of household and personal care products, cosmetics, foods, specialty consumer products, health care and industrial products, and athletic equipment. A subsidiary, The Kendall Company, manufactures disposable non-woven fabrics, surgical dressings, bandages, disposable diapers, disposable non-woven fabric surgical gowns, urological products, cotton balls, adhesive tape, sterile pads, support and anti-embolism stockings, pipeline coating systems, infant clothing and bedding.

Colgate-Palmolive Company

elastic supports, gauze sponges, industrial tapes, sports uniforms and supplies, and other textile products.

Textile Trademarks and/or Brand Names Curad, Curity, Elonic, Tetoron, Fred Perry, Southern Athletic, Telfa, Tape-Tap, Nelson, Bika, Victoriaville, Polyken.

Textile Subsidiaries:

The Kendall Company
Boston, Massachusetts
(617) 482-3030

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CL

Sales and Earnings			
	Net Sales \$ (000's)	Net Income \$ (000's)	
1985	\$ 4,523,678	\$ 109,442	
1984	4,369,179	71,530	
1983	4,278,849	197,834	
1982	4,334,695	196,910	
1981	4,614,259	208,399	
	No. of Com. Shares	Earn. per Share \$	
1985	70,659,000	\$ 1.39	
1984	83,009,000	0.86	
1983	82,010,000	2.42	
1982	81,957,000	2.41	
1981	81,946,000	2.55	

‡ Of continuing operations only.

† Based on the average number of shares outstanding.

Revenues By Line of Business (000's)			
	1985	1984	
Household & personal care	\$ 3,427,406	\$ 3,368,959	
Health care & industrial	812,701	756,644	
Specialty consumer	283,571	243,576	
Total	\$ 4,523,678	\$ 4,369,179	

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1985	\$1.32	—	—
1984	1.28	—	—
1983	1.28	—	—
1982	1.20	—	—
1981	1.16	—	—

Common Stock Equity			
	Total Equity \$	Equity Per Share	
1985	\$ 894,486,000	\$ 12.66	
1984	1,219,422,000	14.69	
1983	1,329,090,000	16.21	
1982	1,308,746,000	15.97	
1981	1,285,340,000	15.69	

‡ After allowing for preferred stock at stated value.

Income Account * (000's)			
Year ended Dec. 31	1985	1984	
Net sales	\$ 4,523,678	\$ 4,369,179	
Cost of sales	2,680,693	2,616,772	
Expenses	1,566,227	1,482,373	
Prov. for restruc. oper.	—	174,000	
Interest expense	53,908	51,061	
Interest income	(43,291)	(52,260)	
Earn. from eq. invest.	(9,314)	—	

Income before taxes	\$ 275,455	\$ 97,283
Income taxes	107,654	54,615
Inc. - const. oper.	\$ 167,801	\$ 42,668
Inc. (loss) - discount oper.	(58,359)	28,882
Net Income	\$ 109,442	\$ 71,530

* Included in Costs and Expenses, Depreciation and Amortization; \$72,228,000 in 1985 and \$60,764,000 in 1984.

	Assets (000's)	
As of Dec. 31	1985	1984
Cash	\$ 39,240	\$ 23,134
Investments	220,221	328,564
Receiv., net	543,880	523,308
*Inventories	616,067	676,741
Other curr. assets	101,907	71,304
Net assets - disc. oper.	132,256	—
Current Assets	\$ 1,653,571	\$ 1,623,051
Fixed assets	978,273	814,784
Other assets	182,161	130,508
Total Assets	\$ 2,814,005	\$ 2,568,343

Liabilities (000's)			
Notes & loans payable	\$	336,323	\$ 118,902
Long-term debt, curr.		30,579	22,137
Accts. payable		348,550	306,772
Accruals		374,475	317,275
Accrued inc. taxes		45,656	51,161

Curr. Liabilities	\$ 1,135,583	\$ 816,247
Long-term debt	529,255	282,371
Deferred liabilities	137,074	157,569
Deferred inc. taxes	105,045	80,165
+ Preferred stock	12,562	12,569
+ + Common stock	83,211	83,009
Add. paid-in capital	114,070	109,644
Retained earnings	1,342,036	1,333,883
Cum. for curr. trans. adjust.	(273,582)	(307,114)
Treasury stock	(371,249)	—

Total Liabilities & Shareholders' Equity	\$ 2,814,005	\$ 2,568,343
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* At lower of cost (FIFO or LIFO) or market.

+ No par value. \$4.25 series, cumulative; \$3.00 series, convertible.

+ + \$1 par value.

Statistical Summary			
%Net Income to Equity	12.07	5.81	
Sales to Inventories	7.34	6.46	
Debt to Equity	0.99	0.34	
Working Capital	\$317,988,000	\$ 806,804,000	
Current Ratio	1.46	1.99	
Shareholders' Equity	\$907,048,000	\$1,231,991,000	

Columbus Mills, Inc.

(No longer a public company)

P.O. Box 1560
45th Street and River Road
Columbus, Georgia 31993
(404) 324-0111

Officers: George P. Swift, Jr., chairman of the board; W. John Dixon, president; Charles Parham, exec. v.p.; William P. McGuigan, v.p.-product planning & development; W.H. Parham, v.p.-purchasing; Gary W. Swanson, v.p.-Lotus Division; Marvin Youngerman, v.p. & dir. of mktg.; James T. Tapscott, secretary & treasurer.

Directors: George P. Swift, Jr., chairman; Cecil D. Conlee, Nimrod T. Frazer, John D. Hopkins, Joan Swift Conger, W. John Dixon, Richard H. Bickertstaff.

Areas of Work: Manufactures tufted broadloom carpets and rugs for residential and commercial use. The Company has manufacturing plants at four locations in Georgia and Alabama. Sales offices and showrooms are maintained in Atlanta, Chicago, Dallas, Denver, Los Angeles, San Francisco, Seattle, and Charlotte, N.C. The Company also invests in oil and gas exploration and has interests in a number of producing properties.

Divisions:

Lotus Division
Phenix City, Alabama

Manufactures and markets the "Lotus" line of carpets primarily designed for commercial use.

Sales and Earnings			
	Net Sales	Net Income	
1985	\$ 145,754,991	\$ 9,955,259	
1984	148,721,749	9,623,530	
1983	121,166,662	7,367,323	
1982	81,745,715	3,817,710	
1981	83,524,807	3,180,823	
	No. of Com. Shares	Earn. per Share \$	
1985	1,587,837	\$ 6.27	
1984	1,587,837	6.05	
1983	1,593,484	4.62	
1982	1,580,099	2.37	
1981	1,666,843	1.89	

‡ Based on the weighted average number of common shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1985	\$1.05	—	—
1984	0.695	—	—
1983	0.475	—	—
1982	0.40	—	—
1981	0.34	—	—

Common Stock Equity			
	Total Equity	Equity Per Share	
1985	\$ 50,024,514	\$ 31.50	
1984	41,736,483	26.29	
1983	35,374,160	20.94	
1982	26,763,743	16.94	
1981	24,203,817	14.52	

	Income Account *	
Year ended Dec. 31	1985	1984
Net sales	\$ 145,754,991	\$ 148,721,749
Other income	914,042	423,393
Total income	\$ 146,669,033	\$ 149,145,142
Cost of sales	110,291,706	114,268,838
Expenses	17,343,086	16,370,819
Interest expense	282,982	475,985
Income before taxes	\$ 18,751,259	\$ 18,029,530
Income taxes	8,796,000	8,406,000
Net Income	\$ 9,955,259	\$ 9,623,530

* Included in Costs and Expenses, Depreciation and Amortization; \$2,428,331 in 1985 and \$2,363,377 in 1984.

	Assets	
As of Dec. 31	1985	1984
Cash	\$ 11,113,196	\$ 7,210,269
Accts. receiv., net	15,962,337	15,319,643
*Inventories	19,375,999	17,577,413
Prepaid expenses	39,468	35,391
	<u>\$ 46,491,000</u>	<u>\$ 40,142,716</u>
Current Assets		
*Fixed assets	23,008,030	14,683,599

Other assets	277,983	\$27,596
Oil and gas properties	7,796,098	6,371,167
Total Assets	\$ 77,573,113	\$ 61,725,078

Liabilities		
Long-term debt, curr.	\$ 843,744	\$ 819,023
Accts. payable	9,302,499	8,455,577
Emp. comp.	1,198,926	1,107,594
Income taxes	531,998	410,321
Other liab.	1,327,680	1,264,084

Cur. Liabilities	\$ 13,204,847	\$ 12,056,599
Long-term debt	8,922,552	3,766,296
Deferred compensation	300,000	150,000
Deferred inc. taxes	5,121,200	4,015,700
+ Common stock	1,587,837	1,587,837
Add. paid-in capital	1,309,915	1,309,915
Retained earnings	47,126,762	38,838,731

Total Liabilities & Shareholders' Equity	\$ 77,573,113	\$ 61,725,078
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* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	12.86	12.12
%Net Income to Sales	6.83	6.47
%Net Income to Equity	19.90	23.06
Sales to Inventories	7.52	8.46
Debt to Equity	0.20	0.11
Working Capital	\$33,286,153	\$28,086,117
Current Ratio	3.52	3.33
Shareholders' Equity	\$50,024,514	\$41,736,483

Concord Fabrics Inc.

1359 Broadway
New York, New York 10018
(212) 760-0300

Officers: Alvin Weinstein, chairman of the board; Frank Weinstein, vice chairman; Earl Kramer, president; Paul Cohen, David Silver, Mark Neugeboren, v.p.'s; Martin Wolfson, v.p. & treasurer; Joan Weinstein, secretary; Jack Tannenbaum, asst. treasurer; Donald Birgeles, asst. secretary.

Directors: Alvin Weinstein, chairman; Frank Weinstein, George Schor, George Gleitman, Martin Wolfson, Kenneth Starr, Earl Kramer.

Business Activities: Develops, designs and styles woven and knitted fabrics of natural and synthetic fibers in a wide variety of colors and patterns for sale to manufacturers and to retailers for resale to the home sewing market.

Plant Location(s):

Milledgeville & Washington, Georgia.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s):

American

Ticker Symbol:

CTIS

Sales and Earnings		
	Net Sales +	Net Income
1986	\$ 112,629,609	\$ 462,727
1985	103,263,902	76,222
1984*	114,822,941	3,148,762
1983	84,322,014	1,381,969
1982	82,700,871	851,926

	No. of Com. Shares #	Earn. per Share #
1986	1,782,531	\$ 0.26
1985	1,782,531	0.04

1984*	1,782,531	1.77
1983	1,782,531	0.78
1982	1,782,531	0.48

* 53 weeks.

+ Of continuing operations only.

Based on the average number of shares outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 24,126,063	\$ 13.53
1985	23,663,336	13.27
1984	23,587,114	13.23
1983	20,438,352	11.47
1982	19,056,383	10.69

Income Account *		
Year ended	8/31/86	9/1/85
Net sales	\$ 112,629,609	\$ 103,263,902
Cost of sales	89,306,636	85,622,254
Expenses	17,950,110	15,567,742
Prov. for doubtful accts.	143,000	254,000
Interest expense	778,578	1,147,983
Income before taxes	\$ 4,451,285	\$ 671,923
Income taxes	2,241,000	266,000
Inc. - cont. oper.	\$ 2,210,285	\$ 405,923
Loss - disc. oper.	(1,747,558)	(329,701)
Net Income	\$ 462,727	\$ 76,222

* Included in Costs and Expenses. Depreciation: \$791,734 in 1986 and \$700,958 in 1985.

Assets		
As of	8/31/86	9/1/85
Cash	\$ 797,373	\$ 709,838
Accts. receiv., net	19,664,415	16,993,884
*Inventories	20,891,469	14,130,259
Prepaid expenses	935,434	2,096,864
Due from officers	10,000	10,000
Def. income taxes	1,387,000	328,000
Current Assets	\$ 43,685,691	\$ 34,268,845
#Fixed assets	5,516,515	4,135,144
Due from officer	142,905	172,955
Other assets	195,412	182,764
Intangibles	—	601,225
Total Assets	\$ 49,540,523	\$ 39,360,933

Liabilities		
Notes payable	\$ 10,375,000	\$ 2,575,000
Accts. payable	8,874,715	7,406,233
Accruals	2,621,307	1,709,254
Income taxes	359,438	126,110
Current Liabilities	\$ 22,230,460	\$ 11,816,597
Long-term debt	2,325,000	3,100,000
Deferred inc. taxes	859,000	781,000
+ Common stock	1,782,531	1,782,531
Add. paid-in capital	8,988,929	8,988,929
Retained earnings	13,354,603	12,891,876

Total Liabilities & Shareholders' Equity	\$ 49,540,523	\$ 39,360,933
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary		
%Net Income to Equity	1.92	0.32
Sales to Inventories	5.39	7.31
Debt to Equity	0.53	0.24
Working Capital	\$21,455,231	\$24,452,248
Current Ratio	1.97	2.90
Shareholders' Equity	\$24,126,063	\$23,663,336

Consoltex Canada Inc.

(formerly Consolidated Textile Mills Limited)

125 Chabanel Street West
Montreal, Quebec, Canada
H2P 2V9
(514) 382-1811

Officers: Tass Grivakes, chairman of the board; John F. Trickett, president; Marcel Thibault, v.p. & gen. mgr.-Outerwear Division; L. Michielli, v.p. & gen. mgr.-Fashion Division; P.G.M. Cox, v.p.-finance; Barry E. Yager, treasurer & controller; Alistair W. Witte, secretary; Ruby Quane, asst. secretary.

Directors: Jack Greenstein, Tass G. Grivakes, John F. Trickett, P.G.M. Cox, L. Michielli, M. Thibault, D. Alliance.

Business Activities: Specializes in weaving, double knitting, dyeing, finishing and printing of nylon, polyester and mixed fabrics for the cutting; jobbing and industrial trades. Home furnishing subsidiary manufactures curtains, drapes and bedspreads.

Plant Location(s):

Drummondville, Montmagny, Cowansville, Montreal, Sherbrooke & Coaticook, Quebec; Alexandria, Ontario.

Trademarks and/or Brand Names:

Maison Condelle, Consoltex, Schuss, Artic Armor, Ski-Slope, Futura, Bruck.

Subsidiaries:

Consoltex Inc.
125 Chabanel Street West
Montreal, Quebec

Comptoir Manufacturier de Textile Ltée.

125 Chabanel Street West
Montreal, Quebec

Condelle House Ltd.

125 Chabanel Street West
Montreal, Quebec

Transfer Agent(s):

The Canada Trust Company
600 Dorchester Boulevard West
Montreal, Quebec, Canada H3B 1N6

20 Eglinton Avenue West

Toronto, Ontario, Canada M4R 2E2

Stock Exchange(s):

Montreal, Toronto

Ticker Symbol: CTXM (Montreal) CTXT (Toronto)

Sales and Earnings		
	Net Sales	Net Income †
1986	\$ 138,076,000	\$ 7,660,000
1985	128,318,000	4,635,000
1984	129,902,000	4,260,000
1983	123,001,000	4,587,000
1982	107,578,000	(5,517,000)

	No. of Com. Shares	Earn. per Share ‡
1986	2,899,309	\$ 2.64
1985	2,899,309	1.60
1984	2,899,309	1.47
1983	2,899,309	1.58
1982	2,899,309	—

(Loss)

† Including extraordinary gains of \$2,411,000 (\$0.83 per share) in 1986, \$186,000 (\$0.07 per share) in 1985, \$629,000 (\$0.22 per share) in 1984 and \$1,016,000 (\$0.35 per share) in 1983.

‡ Based on the weighted average number of shares outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 54,687,000	\$ 18.86
1985	47,027,000	16.22
1984	42,392,000	14.62

Consoltex Canada Inc.

1983	38,132,000	13.15
1982	33,545,000	11.57

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 138,076	\$ 128,318
Cost of sales & expenses	123,953	116,177
Depreciation	3,108	2,719
Interest expense	2,733	3,245
Inc. bef. taxes	\$ 8,282	\$ 6,177
Income taxes	3,033	1,728
Net Income	\$ 5,249	\$ 4,449
Extraord. gain	2,411	186
Net Income & extraord. gain	\$ 7,660	\$ 4,635

Assets (000's)

	1986	1985
Accts. receiv., net	\$ 23,874	\$ 20,241
*Inventories	46,741	47,206
Current Assets	\$ 70,615	\$ 67,447
#Fixed assets	17,697	18,676
Intangibles	1,706	1,706
Total Assets	\$ 90,018	\$ 87,829

Liabilities (000's)

Bank loans & accept.	\$ 10,014	\$ 13,298
Long-term debt, curr.	2,000	2,000
Accts. payable & accruals	14,011	13,521
Oblig. under cap. leases, curr.	1,487	677
Curr. Liabilities	\$ 27,512	\$ 29,496
Long-term debt	7,000	9,000
Oblig. under cap. leases	819	2,306
+ Common stock	16,449	16,449
Retained earnings	38,238	30,578
Total Liabilities & Shareholders' Equity	\$ 90,018	\$ 87,829

* At lower of cost, replacement cost and net realizable value.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.00	4.81
%Net Income to Sales	3.80	3.47
%Net Income to Equity	9.60	9.46
Sales to Inventories	2.95	2.72
Debt to Equity	0.39	0.58
Working Capital	\$43,103,000	\$37,982,000
Current Ratio	2.57	2.29
Shareholders' Equity	\$54,687,000	\$47,027,000

Crown Crafts, Inc.

Edmond Street
Calhoun, Georgia 30701
(404) 629-7941

Mailing Address:

P.O. Box 371
Calhoun, Georgia 30701

Officers: Michael H. Bernstein, president & chief exec. officer; Philip Bernstein, chairman of the board; P.A. Criscillis, Jr., v.p.-finance & administration; Rudolph J. Schmatz, v.p.-sales & marketing & secretary.

Directors: Philip Bernstein*, chairman; Michael H. Bernstein*, Rudolph J. Schmatz, Richard N. Toub, Robert Zimmer, Lewis S. Andrews, Alfred M. Swiren, Paul A. Criscillis, Jr.

* Member of the Executive Committee.

Business Activities: Engaged in the production of comforters and accessories, comforter sets; jacquard woven bedspreads, throws and blankets; and woven acrylic throws. Operates two factory outlet stores in Calhoun, Georgia, and Chattahoochee, Tennessee.

Trademarks and/or Brand Names: Crown, Crown Crafts.

Plant Location(s): Roxboro, North Carolina; Calhoun, Chatsworth & Dalton, Georgia.

Subsidiaries:

Crown Crafts Home Furnishings, Inc.
339 Fifth Avenue
New York, New York 10016
(212) 725-1520

Crown Crafts Home Furnishings of Illinois, Inc.
Merchandise Mart, Room 1344
Chicago, Illinois 60654
(312) 822-0430

Transfer Agent(s):

Trust Company of Georgia
Atlanta, Georgia

Stock Exchange(s): American

Ticker Symbol: CRW

Sales and Earnings

	Net Sales	Net Income
1987	\$ 53,789,000	\$ 2,790,000
1986	41,753,000	641,000
1985	33,606,000	(348,000)
1984	25,891,000	808,000
1983*	18,601,000	(338,000)
	No. of Com. Shares +	Earn. per Share +
1987	756,000	\$ 3.69
1986	719,000	0.89
1985	735,686	—
1984	730,879	1.11
1983*	692,867	—

(Loss)

* 53 weeks.

+ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 10,797,000	\$ 14.28
1986	7,782,000	10.82
1985	7,363,000	10.01
1984	7,682,000	10.51
1983	6,874,000	9.97

‡ Based on the average number of shares outstanding.

Income Account *

Year ended	3/29/87	3/30/86
Net sales	\$ 53,789,000	\$ 41,753,000
Cost of sales	40,766,000	34,199,000
Expenses	7,180,000	5,521,000
Interest expense	598,000	927,000
Prov. for plant closing	—	88,000
Other expense (income)	2,000	(112,000)
Income before taxes	\$ 5,240,000	\$ 1,130,000
Income taxes	2,450,000	489,000
Net Income	\$ 2,790,000	\$ 641,000

Assets

As of	3/29/87	3/30/86
Cash	\$ 281,000	\$ 202,000
Accts. & note receivable, net	6,440,000	4,846,000
*Inventories	12,967,000	9,137,000
Deferred inc. taxes	86,000	130,000
Prepaid expenses	138,000	66,000
Current Assets	\$ 19,912,000	\$ 14,381,000
#Fixed assets	5,506,000	5,063,000
Other assets	28,000	44,000
Notes receivable	—	380,000
Total Assets	\$ 25,446,000	\$ 19,868,000

Liabilities

Long-term debt, curr.	\$ 307,000	\$ 305,000
Accts. payable	3,677,000	3,220,000
Income taxes pay.	2,276,000	251,000
Accruals	1,707,000	1,171,000
Total Curr. Liabilities	\$ 7,967,000	\$ 4,947,000
Long-term debt	5,477,000	6,085,000
Deferred inc. taxes	453,000	450,000
Other liab.	752,000	604,000
+ Common stock	742,000	718,000
Add. paid-in capital	657,000	447,000
Retained earnings	9,645,000	6,855,000
Treasury stock	(92,000)	—
Loans receivable	(155,000)	(238,000)
Total Liabilities & Shareholders' Equity	\$ 25,446,000	\$ 19,868,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.74	2.71
%Net Income to Sales	5.19	1.54
%Net Income to Equity	25.84	8.24
Sales to Inventories	4.15	4.57
Debt to Equity	0.54	1.20
Working Capital	\$11,945,000	\$9,434,000
Current Ratio	2.50	2.91
Shareholders' Equity	\$10,797,000	\$7,782,000

CrownAmerica, Inc.

701 Chattanooga Avenue
Dalton, Georgia 30720
(404) 278-1422

Officers: David D. Hamilton, president; E. Dean Smith, v.p.; G. Lane Hamilton, secretary & treasurer; Jean I. Nations, ass. secretary.

Directors: David D. Hamilton, G. Lane Hamilton, William C. Bowen, III, Whitley Durand, H. Eugene Kinney, James H. Patton, IV.

Business Activities: Engaged in the production and processing of yarn for the carpet industry.

Plant Location(s): Dalton & Valdosta, Georgia; Newport, South Wales; Heerlen, The Netherlands.

Subsidiaries:

Texture-Tex, Inc.
Dalton & Valdosta, Georgia
Engaged in the processing of heat-set filament and spun yarn for the carpet industry.

Dalton Warehouse Services, Inc.
Dalton, Georgia
Warehouse and leasing subsidiary.

Texture-Tex (Europe) B.V.
Heerlen, The Netherlands
Processing of synthetic yarn.

Crystal Brands, Inc.

Texture-Tex (Europe) Ltd.
Newport, Wales
United Kingdom
Engaged in the processing of heat-set filament and spun yarn for the carpet industry.

Transfer Agent(s):
First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CRNA (NASDAQ)

Sales and Earnings			
	Net Sales ‡	Net Income	
1986	\$ 87,143,995	\$	1,625,834
1985	60,750,633		398,375
1984	58,153,031		2,067,750
1983	49,309,436		532,839
1982	28,279,724		(1,119,624)
	No. of Com. Shares #	Earnings per Share #	
1986	1,150,000	\$	1.41
1985	1,167,096		0.34
1984	1,191,949		1.73
1983	1,200,226		0.44
1982	1,208,716		—

(Loss)

‡ Includes processing income.

Based on the average number of shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.325	—	—
1985	0.25	—	—
1984	0.455	—	—
1983	0.12	—	—
1982	0.12	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 15,260,554	\$ 13.27
1985	13,334,430	11.43
1984	13,291,763	11.15
1983	12,080,537	10.07
1982	11,696,758	9.68

‡ Based on the average number of shares outstanding.

Income Account *

Year ended Aug. 31	1986	1985
Net sales & processing income	\$ 87,143,995	\$ 60,750,633
Cost of sales	78,472,148	56,169,887
Expenses	5,570,940	3,494,467
Prov. for doubtful accounts	117,764	190,360
Interest expense	918,581	710,594
Interest income	(155,413)	(294,137)
Other income	(429,917)	(111,032)
Selec. fin. assist. grant	(89,403)	(84,024)
Inc. bef. taxes	\$ 2,739,295	\$ 674,518
Inc. taxes	1,113,461	276,143
Net Income	\$ 1,625,834	\$ 398,375

* Included in Costs and Expenses, Depreciation: \$2,022,113 in 1986 and \$1,656,182 in 1985.

Assets		
As of Aug. 31	1986	1985
Cash	\$ 1,159,730	\$ 1,073,148
Short-term investments	379,144	1,759,165
Accts. receiv., net	11,544,517	9,263,444
*Inventories	4,152,666	3,890,988
Prepaid expenses	612,483	513,018
Refundable inc. taxes	—	254,365
Current Assets	\$ 17,828,540	\$ 16,754,128

#Fixed assets	15,875,038	13,985,290
Other assets	317,878	516,391
Total Assets	\$ 34,021,456	\$ 31,255,809

Liabilities		
Notes payable	\$ 2,284,914	\$ 3,841,053
Long-term debt, curr.	971,159	792,105
Accts. payable	7,036,745	6,461,183
Accrued compensation	622,411	272,104
Accrued profit sharing	130,000	—
Accruals	621,123	711,439
Deferred income taxes	11,973	66,196
Current Liabilities	\$ 11,678,325	\$ 12,144,080
Long-term debt	4,758,604	4,913,569
Deferred income taxes	1,395,827	863,730
Cap. lease obligations	928,146	—
+ Common stock	2,600,000	2,600,000
Add. paid-in capital	1,152,353	1,152,353
Retained earnings	11,782,475	10,530,393
Treasury stock	(910,434)	(910,434)
Eq. adjust. from foreign curr. trans.	636,160	(37,882)
Total Liabilities & Shareholders' Equity	\$ 34,021,456	\$ 31,255,809

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ No par value; \$2 stated value.

Statistical Summary

%Income before Taxes to Sales	3.14	1.11
%Net Income to Sales	1.87	0.66
%Net Income to Equity	10.65	2.99
Debt to Equity	0.53	0.72
Working Capital	\$ 6,150,215	\$ 4,610,048
Current Ratio	1.53	1.38
Shareholders' Equity	\$15,260,554	\$13,334,430

Crystal Brands, Inc.

Crystal Brands Road
Southport, Connecticut 06490
(203) 254-6200

Officers: Richard F. Kral, chairman of the board & chief exec. officer; Gerald M. Chaney, v.p., controller & treasurer; Edward B. Dailey, v.p. & chief financial officer; Marvin Lord, president-Youtwear; Michael B. McLearn, v.p., general counsel & secretary; Charles J. Smith, president-Men's Apparel Group; Robert J. Wisner, president-Women's Apparel Group; Brian J. Tart, president-Accessories Group; James D. Wilson, v.p.-human resources; John Schofield, v.p.-worldwide sourcing; Theodore R. Voss, asst. gen. counsel & asst. secretary.

Directors: Richard F. Kral, chairman; John H. Mullin, III, E. Robert Kinney, Francis C. Rooney, Jr.

Business Activities: Manufactures and markets men's, women's, and children's apparel under the Izod, Lacoste, Ship'n Shore, and Haymaker brands, and costume jewelry and accessories under the brand names Monet, Yves St. Laurent and Evolve. Also operates 45 retail stores and factory outlets that sell excess and out-of-season apparel.

Trademarks and/or Brand Names: Izod, Lacoste, Haymaker, Ship'n Shore, Lacoste Club, Izod Club, Bebe Lacoste, Izod Lacoste, Silken Wonder, Cotton Wonder, Ship'n Shore for Me, Inner Visions, Tri-Way.

Plant Locations: Baxley, Georgia; Corozal, Dorado, Puerto Rico; High Point, North Carolina; Pawtucket, Warwick, Rhode Island; Reading, Pennsylvania; San Pedro, Dominican Republic; Travelers Rest, South Carolina.

Divisions and Subsidiaries:

Izod, Ltd. (men's, women's and children's sportswear)
Haymaker Sports, Inc. (women's sportswear)
Fashion Flair, Inc. (retail operations)

Ship'n Shore, Inc.
Bridgewater-at-Aston
Aston, Pennsylvania 18014
(215) 494-2000
Apparel for women.

Monet
P.O. Box 376
Murray Hill Station
New York, New York 10016
(212) 725-4700
Fashion jewelry.

Transfer Agent(s):
The Bank of New York
Stock Transfer Administration
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CBR

NOTE: Crystal Brands, Inc. was formerly the Fashion Group of General Mills, Inc. Effective Nov. 1, 1985, the Company became an independent publicly-owned corporation and ceased operating as a unit of General Mills.

Sales and Earnings

	Net Sales	Net Income
12/28/86*	\$ 223,252,000	\$ 643,000
5/25/86	395,035,000	2,385,000
5/26/85	481,930,000	(43,372,000)
5/27/84	514,955,000	12,741,000
5/29/83	545,394,000	36,657,000

	No. of Com. Shares ‡	Earnings per Share ‡
12/28/86*	8,958,098	\$ 0.07
5/25/86	8,953,887	0.27

(Loss)

* 7 months.

‡ Based on the weighted average number of common shares outstanding during the year.

Common Stock Equity

	Total Equity	Equity Per Share ‡
12/28/86	\$ 188,657,000	\$ 21.06
5/25/86	187,845,000	20.98

‡ Based on the weighted average number of common shares outstanding during the year.

Income Account *

Year ended	12/28/86 (7 months)	5/25/86
Net sales	\$ 223,252,000	\$ 395,035,000
Cost of sales	153,006,000	276,446,000
Expenses	64,571,000	109,306,000
Interest expense	3,224,000	5,735,000
Inc. before taxes	\$ 2,451,000	\$ 3,548,000
Income taxes	1,808,000	1,163,000
Net Income	\$ 643,000	\$ 2,385,000

* Included in Costs and Expenses, Depreciation and Amortization: \$4,910,000 in the period ending Dec. 28, 1986 and \$7,036,000 in the year ending May 25, 1986.

Assets (000's)

As of	12/28/86	5/25/86
Cash & short-term investments	\$ 44,931	\$ 40,503
Accts. receiv., net	44,122	41,956
Deferred inc. taxes	10,376	9,455
*Inventories	97,755	102,990
Current Assets	197,184	194,904
Investments & other assets	\$ 56,985	\$ 55,671

Crystal Brands, Inc.

#Fixed assets	38,744	39,103
Intangibles	3,314	4,861
Total Assets	\$ 296,227	\$ 294,539

Liabilities (000's)		
Short-term debt & long-term debt, curr.	\$ 10,785	\$ 11,639
Accts. payable	29,366	27,733
Accruals	11,260	12,264
Prov. for deployment	1,160	1,267
Curr. Liabilities	\$ 52,571	\$ 52,903
Long-term debt	50,303	50,314
Deferred inc. taxes	3,844	3,237
Other liabilities	852	240
+ Common stock	185,950	185,696
Retained earnings	2,053	1,410
Cum. for. curr. trans.	654	739
Total Liabilities & Shareholders' Equity	\$ 296,227	\$ 294,539

* At lower of cost (FIFO) or market; certain domestic inventories at LIFO.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.10	0.90
%Net Income to Sales	0.29	0.60
%Net Income to Equity	0.34	1.27
Sales to Inventories	2.28	3.84
Debt to Equity	0.32	0.33
Working Capital	\$144,613,000	\$142,001,000
Current Ratio	3.75	3.68
Shareholders' Equity	\$188,657,000	\$187,845,000

Culp, Inc.

2020 Logan Street
P.O. Box 2686
High Point, North Carolina 27261
(919) 889-5161

Officers: Robert G. Culp, Jr., chairman of the board & chief exec. officer; Robert G. Culp, III, president & chief operating officer; Howard L. Dunn, Jr., v.p.-mfg. & product development; Franklin N. Saxon, v.p., chief financial officer, treasurer & asst. secretary; Kenneth M. Ludwig, v.p.-human resources; J. Leonard Bagwell, Jr., v.p. & corp. controller; Sherry M. Andrews, v.p. & secretary.

Directors: Robert G. Culp, Jr., chairman; Donald W. Coleman, Robert G. Culp, III, Howard L. Dunn, Jr., Larry S. Coltrain, Theodore W. Koetter, Jr., Earl M. Honeycutt, Baxter P. Freeze, Sr., Bland W. Worley, Harry R. Culp.

Business Activities: Manufactures and distributes upholstery fabrics (woven, prints, woven velvets and tufted velvets), mattress tickings and internal construction fabrics for use primarily in the home furnishings and related industries.

Plant Location(s): Monroe, Burlington and Graham, North Carolina; Anderson, South Carolina.

Subsidiaries:

Culp Woven Velvets, Inc.
Anderson, South Carolina
Woven velvet manufacturing.

Culp Weaving, Inc.
Graham, North Carolina
Production of dobby and jacquard upholstery materials and damask mattress ticking.

Culp of Tennessee
Cleveland, Tennessee
Sales and distribution.

Transfer Agent(s):

First Union National Bank
First Union Plaza
Charlotte, North Carolina 28288

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CULP (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 150,747,000	\$ 4,339,000
1985	131,374,000	3,622,000
1984	130,930,000	3,705,000
1983	93,901,000	3,779,000
1982	65,281,000	2,172,000
	No. of Com. Shares	Earn. per Share
1986	4,357,923	\$ 1.00
1985	4,335,848	0.84
1984	3,911,079	0.95
1983	3,104,472	1.22
1982	3,049,208	0.71

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.08	—	—
1985	0.08	—	—
1984	0.02	—	—

Common Stock: Equity

	Total Equity	Equity Per Share
1986	\$ 37,452,000	\$ 8.59
1985	32,623,000	7.52
1984	29,340,000	7.50
1983	12,678,000	4.08
1982	8,699,000	2.85

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	5/3/86	4/27/85
Net sales	\$ 150,747	\$ 131,374
Cost of sales	119,681	102,950
Expenses	22,053	19,877
Interest expense	1,452	989
Other expense	104	694
Income before taxes	\$ 7,457	\$ 6,864
Income taxes	3,054	3,143
Minority interest	64	99
Net Income	\$ 4,339	\$ 3,622

* Included in Costs and Expenses, Depreciation: \$3,454,000 in 1986 and \$2,316,000 in 1985.

Assets (000's)

As of	5/3/86	4/27/85
Cash	\$ 7	7
Accts. receiv., net	27,362	21,398
Refundable taxes	794	—
*Inventories	27,636	22,757
Prepaid expenses	784	471
Current Assets	\$ 56,583	\$ 44,633
Investment in market secur.	4,598	—
#Fixed assets	21,073	15,620
Other assets	1,094	738
Total Assets	\$ 83,348	\$ 60,991

Liabilities (000's)

Notes payable	\$ 4,550	\$ 750
Long-term debt, curr.	524	714
Accts. payable	12,933	11,551
Accruals	3,262	4,790
Income taxes	—	488
Deferred income taxes	47	140
Curr. Liabilities	\$ 21,316	\$ 18,433
Long-term debt	22,850	8,574
Minority interest	—	443
Deferred comp.	663	460
Deferred inc. taxes	1,067	458
+ Common stock	221	217
Add. paid-in capital	15,173	14,414
Unearned comp. - stock option	(214)	(266)
Retained earnings	22,272	18,282
Treasury stock	—	(24)
Total Liabilities & Shareholders' Equity	\$ 83,348	\$ 60,991

* At lower of cost (primarily LIFO) or market.
Less accumulated depreciation.
+ \$0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.95	5.22
%Net Income to Sales	2.88	2.80
%Net Income to Equity	11.59	11.26
Sales to Inventories	5.45	5.77
Debt to Equity	0.75	0.31
Working Capital	\$35,267,000	\$26,200,000
Current Ratio	2.65	2.42
Shareholders' Equity	\$37,452,000	\$32,623,000

CWC Industries Inc.

512 Seventh Avenue
New York, New York 10018
(212) 354-5200

Officers: Robert Weinstein, president & treasurer; Norman Burd, vice president; Joan Weinstein, secretary; Sol Baum, controller.

Directors: Robert Weinstein, Norman Burd, Joan Weinstein, Sol Baum.

Business Activities: Designs, manufactures and sells ready-to-wear ladies' coats, all-weather coats, suits and coordinate ensembles in the medium-price range, including casual wear, sportswear and trimmed and untrimmed coats. Markets its apparel lines under the names, "Charles Weinstein Coat Co., Inc.", "Central Park", "Central Park Zoo", "Aquamates", and "Half 'N' Tails", mostly in misses and junior sizes.

Divisions and Subsidiaries:

Central Park
Central Park Zoo
Charles Weinstein Coat Co., Inc.
Half's 'N' Tails
Aquamates

All at:
512 Seventh Avenue
New York, New York 10018

Rezmoo Modes, Inc.
12 Horizon Boulevard
South Hackensack, New Jersey 07606
Operates a retail store which sells surplus inventory, irregulars and surplus piece goods.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
19 Racine Street
New York, New York 10006

Stock Exchange(s): Over-the-Counter

Dash Industries, Inc.

Sales and Earnings

	Net Sales	Net Income
1986	\$ 12,245,894	\$ 96,589
1985	10,477,690	98,099
1984	11,672,382	75,940
1983	13,986,705	145,762
1982	13,051,134	91,282

	No. of Com. Shares	Earn. Per Share ‡
1986	421,182	\$ 0.23
1985	412,182	0.24
1984	412,182	0.18
1983	412,182	0.35
1982	425,182	0.21

‡ Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 1,756,487	\$ 4.17
1985	1,653,298	4.01
1984	1,555,199	3.77
1983	1,479,259	3.59
1982	1,340,647	3.15

Income Account

Year Ended Dec. 31	1986	1985
Net sales	\$ 12,245,894	\$ 10,477,690
Cost of sales	10,183,782	8,491,920
Expenses	1,842,530	1,722,729
Interest expense	45,848	102,346
Income before taxes	\$ 173,734	\$ 160,695
Income taxes	77,145	62,596
Net Income	\$ 96,589	\$ 98,099

Assets

As of Dec. 31	1986	1985
Cash	\$ 511,938	\$ 235,683
Accts. receiv., net	1,807,810	1,486,889
*Inventories	921,661	719,360
Prepaid expenses	47,895	42,130
Loans receivable	—	4,214
Current Assets	\$ 3,289,304	\$ 2,488,276
#Fixed assets	143,565	161,417
Other assets	63,362	52,645
Total Assets	\$ 3,496,231	\$ 2,702,338

Liabilities

Bank acceptances	\$ 744,555	\$ 202,358
Notes payable	387,092	427,200
Accts. payable	414,715	270,833
Loans payable	14,800	—
Accruals	158,104	123,221
Income taxes	20,478	25,428
Curr. Liabilities	\$ 1,739,744	\$ 1,049,040
+ Common stock	4,497	4,497
Add. paid-in capital	616,288	588,658
Retained earnings	1,191,616	1,095,027
Treasury stock	(26,514)	(34,844)
Unamort. deferred comp.	(29,400)	—
Total Liabilities & Shareholders' Equity	\$ 3,496,231	\$ 2,702,338

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.42	1.53
%Net Income to Sales	0.79	0.94
%Net Income to Equity	5.50	5.93
Sales to Inventories	13.29	14.57
Debt to Equity	0.22	0.26
Working Capital	\$1,549,560	\$1,439,236
Current Ratio	1.89	2.37
Shareholders' Equity	\$1,756,487	\$1,653,298

Damon Creations, Inc.

16 East 34th Street
New York, New York 10016
(212) 683-2465

Officers: David Rappaport, chairman of the board; Michael Rappaport, president & chief executive officer; Frances Rappaport, secretary; Neville Guad, sr. v.p.-operations & administration; Richard Rappaport, v.p.; Lawrence Weinstein, v.p. & president-furnishings division; Rocco D'Antonio, v.p.-Bill Blass sales; Martin Lewis, v.p.-administrative merchandise manager; Bill Cahill, v.p. & pres.-Bill Blass Division; Fred Gerald, v.p.-manufacturing; Steve Massey, v.p.-neckwear; Steven Meisel, v.p. & president-sportswear division; Angelo Fusaro, v.p.-finance; Phyllis Gray, v.p.-dress shirts; Julian Knastner, sr. v.p.-special market sales; Robert Taylor sr. v.p. & nat'l sales mgr.; Michael Appleblatt, Lawrence Brodsky, Ralph Brummett, Bob Lamp v.p.'s-regional sales.

Directors: David Rappaport, chairman; Simeon Brinberg, William Jantzen, Frances Rappaport, Michael Rappaport.

Business Activities: Designs, manufactures and sells men's furnishings (neckwear, dress shirts, etc.) and sportswear (shirts, leisure wear, sweaters and jackets).

Trademarks and/or Brand Names: "Damon," "Courchevel," "Bill Blass."

Plant Location: Newberry, South Carolina.

Subsidiaries:

Damon International Ltd.
Newberry, South Carolina

Damon Creations International Ltd.
1470 Peel Street
Montreal 110, Quebec, Canada

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: DNI

Sales and Earnings

	Net Sales	Net Income
1986	\$ 38,935,959	\$ (780,905)
1985	44,924,971	(2,325,288)
1984	44,975,247	(381,236)
1983	38,098,454	318,723
1982	36,573,994	472,004

No. of Com. Shares

1986	1,099,926	\$ —
1985	1,099,926	—
1984	1,099,926	—
1983	1,102,926	0.28
1982	1,187,497	0.38

(Loss)

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 10,701,775	\$ 9.73
1985	11,482,680	10.44
1984	13,807,968	12.55
1983	14,210,953	12.88
1982	14,311,365	12.05

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 38,935,959	\$ 44,924,971
Cost of sales	28,316,504	34,251,128
Expenses	11,829,881	12,360,222
Interest expense	968,128	1,483,887
Gain on pension plan	(1,131,653)	—
Other income	(285,996)	(319,978)

Loss before taxes	\$ (760,905)	\$ (2,850,288)
Income taxes (credit)	20,000	(525,000)
Net Loss	\$ (780,905)	\$ (2,325,288)

* Included in Costs and Expenses, Depreciation and Amortization: \$487,969 in 1986 and \$472,876 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 108,101	\$ 665,312
Accts. receiv., net	7,911,167	11,749,050
Pension receivable	1,131,653	—
*Inventories	7,089,603	8,485,631
Prepaid expenses & sundry curr. assets	189,534	617,858
Refundable income taxes	—	191,060

Current Assets	\$ 16,430,058	\$ 21,708,911
#Fixed assets	2,008,308	3,388,657
Plant facilities held for sale	1,242,124	—
Long-term receiv. & other assets	168,942	323,021
Total Assets	\$ 19,849,432	\$ 25,420,589

Liabilities

Long-term debt, curr.	\$ 256,872	\$ 248,474
Notes Payable	5,068,699	10,200,000
Accts. payable	1,255,802	698,783
Accruals	1,088,298	1,067,063

Curr. Liabilities	\$ 7,669,671	\$ 12,214,320
Long-term debt	1,477,986	1,723,589
+ Common stock	1,347,261	1,347,261
Add. paid-in capital	64,925	64,925
Retained earnings	10,419,575	11,200,480
Treasury stock	(1,129,986)	(1,129,986)

Total Liabilities & Shareholders' Equity	\$ 19,849,432	\$ 25,420,589
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

Sales to Inventories	5.49	5.29
Debt to Equity	0.14	1.06
Working Capital	\$ 8,760,387	\$ 9,494,592
Current Ratio	2.14	1.78
Shareholders' Equity	\$10,701,775	\$11,482,680

Dash Industries, Inc.

2445 North Miami Avenue
Miami, Florida 33137
(305) 573-8000

Officers: Phillip Dash, chairman & chief exec. officer; Jay Dash, president; Larry Pierpoint, exec. v.p. & national sales mgr.; Myron Gulkar, controller and secretary-treasurer.

Directors: Phillip Dash, Jay Dash, Steven Shapiro, Lee Milich, Wes Farrell.

Business Activities: Engaged in the production and marketing of fabric and wallcovering products.

Subsidiaries:

David and Dash International, Inc. (FSC)
2445 N. Miami Avenue
Miami, Florida 33137

Transfer Agent(s):

Trust Company of New Jersey
35 Journal Square
Jersey City, New Jersey 07306

Stock Exchange(s): Over-the-Counter

Dash Industries, Inc.

Ticker Symbol: DASH (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income †
1986	\$ 16,960,672	\$ (793,049)
1985	18,206,274	403,659
1984	16,779,955	305,095
1983	14,441,126	639,935
1982	12,375,295	(213,901)

	No. of Com. Shares	Earn. per Share ‡
1986	7,598,612	\$ —
1985	7,498,612	0.05
1984	7,398,612	0.04
1983	7,398,612	0.09
1982	6,165,510	—

(Loss)

† Including extraordinary gains of \$42,621 in 1985, \$77,851 (\$0.01 per share) in 1984 and \$282,000 (\$0.04 per share) in 1983.

‡ Based on average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share †
1986	\$ 4,551,021	\$ 0.60
1985	5,287,820	0.71
1984	4,841,961	0.65
1983	4,536,866	0.61
1982	3,896,931	0.63

† Based on average number of common shares and common share equivalents outstanding.

Income Account *		
Year ended Nov. 30	1986	1985
Net sales	\$ 16,960,672	\$ 18,206,274
Cost of sales	9,918,607	9,713,126
Expenses	7,217,291	7,497,297
Interest expense	451,939	451,415
Income (loss) bef. taxes	\$ (627,165)	\$ 544,436
Income taxes (credit)	(145,290)	183,398
Inc. (loss) - cont. oper.	\$ (481,875)	\$ 361,038
Low - discount oper.	(311,174)	—
Net Income (Loss)	\$ (793,049)	\$ 361,038
Extraord. gain	—	42,621
Net Income (Loss) & extraord. gain	\$ (793,049)	\$ 403,659

* Included in Costs and Expenses, Depreciation and Amortization: \$209,035 in 1986 and \$191,997 in 1985.

Assets		
As of Nov. 30	1986	1985
Cash	\$ 479,887	\$ 283,817
Market securities	102,100	—
Accts. & notes receiv., net	2,013,818	2,692,134
Refund. inc. taxes	294,160	—
* Inventories	7,060,133	7,265,887
Prepaid expenses	50,362	106,517
Current Assets	\$ 10,000,460	\$ 10,348,355
* Fixed assets	1,669,849	1,620,206
Deferred tax benefits	—	55,620
Other assets	195,307	137,195
Total Assets	\$ 11,865,616	\$ 12,161,376

Liabilities		
Long-term debt, curr.	\$ 80,692	\$ 84,658
Accts. payable	2,386,480	2,310,061
Accruals	144,428	185,794
Income taxes	—	192,836
Curr. Liabilities	\$ 2,611,600	\$ 2,773,349
Long-term debt	4,702,995	4,100,207

+ Common stock	5,049	4,982
Add. paid-in capital	3,911,537	3,855,354
Retained earnings	634,435	1,427,484

Total Liabilities & Shareholders' Equity	\$ 11,865,616	\$ 12,161,376
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* At lower of cost (LIFO) or market.
 ‡ Less accumulated depreciation and amortization.
 + \$.00066 par value.

Statistical Summary		
% Income bef. Taxes to Sales	—	2.99
% Net Income to Sales	—	1.98
% Net Income to Equity	—	6.83
Sales to Inventories	2.40	2.51
Debt to Equity	1.05	0.79
Working Capital	\$7,388,860	\$7,575,006
Current Ratio	3.83	3.73
Shareholders' Equity	\$4,551,021	\$5,287,820

Dayton Hudson Corporation

777 Nicollet Mall
 Minneapolis, Minnesota 55402
 (612) 370-6948

Officers: Kenneth A. Macke, chairman of the board & chief executive officer; Boake A. Sells, president & chief operating officer; Gerald R. Gallagher, vice chairman; James T. Hale, sr. v.p. & secretary; Edwin H. Wingate, Bruce G. Albright, Willard C. Shull, III, sr. v.p.'s; Peter Hutchinson, Ann H. Berkeley, Larry E. Carlson, Susan S. Boren, L. Fred Hamacher, Kathy Barnes Probelski, v.p.'s; Carol D. Emmerich, v.p. & treasurer; William E. Harder, v.p. & asst. secretary; William P. Hise, asst. secretary; James R. Eckmann, asst. treasurer.

Directors: Donald J. Hall, Kenneth A. Macke, Howard H. Kehrl, David T. McLaughlin, Bruce K. MacLaury, Roger L. Hale, Shirley Young, Rand V. Arnskog, Alva O. Way, Robert A. Burnett, John A. Rollwagen, Boake A. Sells, Betty Ruth Hollander, David T. Kearns.

Business Activities: Operates department stores, low margin stores, softline stores and specialty stores. These operations are located in 48 states, Washington, D.C. and Puerto Rico.

Trademarks and/or Brand Names: Crestland, Sostanza.

Divisions and Subsidiaries:

Department Stores

Dayton Hudson Department Store Company
 Minneapolis, Minnesota
 Operates 37 department stores.

Low Margin Stores

Target
 777 Nicollet Mall
 Minneapolis, Minnesota 55402
 (612) 370-6073
 Operates 246 stores located in 22 Midwestern and Western states.

Specialty Stores

Lechmere
 88 1st Street
 Cambridge, Massachusetts 02141
 (617) 491-2000
 Operates 17 stores in Massachusetts, New Hampshire, Connecticut, Georgia, Rhode Island and New York.

Softline Stores

Mervyn's
 25001 Industrial Boulevard
 Hayward, California 94545
 (415) 785-8800
 Operates 175 department stores offering nationally branded and private label apparel, accessories and household softgoods.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
 of New York
 New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: DH

Sales and Earnings		
	Net Sales † (000's)	Net Income † (000's)
1987	\$ 9,259,100	\$ 310,000
1986	8,255,300	283,600
1985	7,519,200	259,300
1984*	6,518,200	245,500
1983	5,286,400	206,700

	No. of Com. Shares +	Earn. per Share + †
1987	97,900,000	\$ 3.19
1986	97,100,000	2.92
1985	96,900,000	2.68
1984*	96,600,000	2.54
1983	96,200,000	2.15

*53 weeks.

† Of continuing operations only.

† Including extraordinary loss of \$32,300,000 in 1986.

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)		
	1987	1986
Department	\$ 1,566,300	\$ 1,447,900
Target	4,354,900	3,931,500
Lechmere	475,600	348,900
Mervyn's	2,862,300	2,527,000
Total	\$ 9,259,100	\$ 8,255,300

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.86	—	—
1986	0.785	—	—
1985	0.695	—	—
1984	0.625	—	2-for-1
1983	0.575	—	—

+ Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity (000's)	Equity Per Share +
1987	\$ 2,179,500	\$ 22.38
1986	1,947,355	20.04
1985	1,736,502	17.90
1984	1,540,179	15.91
1983	1,348,763	13.98

+ Adjusted to reflect stock split.

Income Account (000's)		
Year ended	1/31/87	2/1/86
Revenues	\$ 9,259,100	\$ 8,255,300
Cost of sales	6,705,200	5,908,300
Expenses	1,538,100	1,365,900
Depreciation	182,700	158,200
Rental expense	73,100	69,000
Interest exp.	117,500	99,800
Other taxes	\$ 148,300	\$ 136,300
Income before taxes	\$ 494,200	\$ 517,800
Income taxes	239,300	237,300
Inc. - cont. oper.	\$ 254,900	\$ 280,500
Inc. - discount oper.	87,300	3,100
Net Income	\$ 342,300	\$ 283,600

Dixie Yarns, Inc.

Extracted loss	(32,300)	—
Net income & extracted loss	\$ 310,000	\$ 283,600
Assets (000's)		
As of	1/31/87	2/1/86
Cash	\$ 64,800	\$ 83,400
Market securities	159,000	96,400
Accts. receiv., net	1,052,500	1,050,800
*Inventories	1,312,500	1,150,000
Curr. assets of discount oper.	—	145,200
Other current assets	28,600	22,800
Current Assets	\$ 2,617,400	\$ 2,548,600
# Fixed assets	2,402,300	1,655,700
Leased prop. under cap. leases	114,900	114,700
Assets held for resale	100,500	—
Non-curr. assets of discount segment	—	76,200
Other assets	46,900	22,300
Total Assets	\$ 5,282,000	\$ 4,417,500

Liabilities (000's)		
Long-term debt, curr. & cap. lease oblig.	\$ 10,700	\$ 24,800
Accts. payable	841,900	657,000
Accruals	429,300	356,900
Income taxes	116,800	111,100
Deferred income taxes	25,900	174,100
Curr. liab. of discount oper.	—	94,500
Curr. Liabilities	\$ 1,424,600	\$ 1,418,400
Long-term debt	1,244,900	794,500
Long-term cap. lease oblig.	131,600	128,100
Non-curr. liab. of discount oper.	—	7,700
Deferred income taxes	301,400	121,400
+ Common stock	97,400	97,200
Add. paid-in capital	18,400	12,800
Retained earnings	2,063,700	1,837,400
Total Liabilities & Shareholders' Equity	\$ 5,282,000	\$ 4,417,500

* Using the retail inventory method (LIFO).
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary		
%Net Income to Equity	14.22	14.56
Sales to Inventories	7.05	7.18
Debt to Equity	0.64	0.49
Working Capital	\$1,192,800,000	\$1,130,200,000
Current Ratio	1.84	1.80
Shareholders' Equity	\$2,179,500,000	\$1,947,400,000

Delta Woodside Industries, Inc.

NCNB Tower, Suite 302
Greenville, South Carolina 29601
(803) 232-8301

Officers: C.C. Guy, chairman; E. Erwin Maddrey, II, president & chief exec. officer; Bettis C. Rainsford, exec. v.p. & chief financial officer; Buck A. Mickel, v.p. & secretary; W. Roger Hall, v.p., treasurer & asst. secretary; Jane H. Greer, v.p.

Directors: C.C. Guy, chairman; E. Erwin Maddrey, II, Bettis C. Rainsford, Buck A. Mickel, James F. Kane, Max Lennon.

Business Activities: Engaged in the manufacture and sale of a variety of textile fabrics and apparel. Its product groups comprise unfinished greige woven fabrics for apparel, home furnishing and industrial uses; finished woven apparel fabrics; single and double knit apparel fabrics; and completed apparel, including T-shirts, men's and boys' underwear and sportswear.

Plant Locations: Fountain Inn, Anderson, Easley, Greenville, Mount Pleasant, Greer, Edgefield, Wallace, Pamplico, South Carolina; Gastonia, Fayetteville, Wallace, Greensboro, Maiden, Dallas, North Carolina; Allentown & Alburtis, Pennsylvania; Washington & Sandersville, Georgia.

Divisions:

Woodside Division

Produces a variety of unfinished greige lightweight woven fabrics used ultimately in the manufacture of apparel and home furnishings.

Delta Division

Finished woven fabrics for use in slacks and skirts.

Stevco/Knit/Maiden Division

Knits and finishes a wide range of single and double knit fabrics for the knit apparel and children's sleepwear trade.

Royal Manufacturing Division

Manufactures T-shirts, men's and boys' underwear and sportswear.

Transfer Agent(s):

The Citizens and Southern National Bank
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DLWD (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 141,810,400	\$ 5,258,000
1985	94,428,000	2,375,000
1984*	8,762,000	168,000

	No. of Com. Shares	Earn. per Share \$
1986	15,000,000	\$ 0.35
1985	15,000,000	0.16

* 2 months.

\$ Based on the weighted average number of common shares and common share equivalents outstanding

Revenues By Line of Business

	1986	1985
Unfinished woven fabrics	\$ 92.2%	\$ 67.8%
Knit fabrics	—	13.5
Completed apparel	7.8	18.7
Total	\$ 100.0%	\$ 100.0%

Common Stock Equity

	Total Equity †	Equity Per Share
1986	\$ 8,302,685	\$ 0.55
1985	3,574,204	0.20

† After allowing for preferred stock at par value.

Income Account *

Year ended	6/28/86	6/29/85
Net sales	\$ 141,809,622	\$ 94,428,332
Cost of sales	118,908,330	80,534,621
Expenses	8,158,744	4,349,928
Interest expense	5,196,761	5,240,245
Interest income	(290,782)	(62,573)
Other income	(145,912)	(227,942)
Income before taxes	\$ 9,982,481	\$ 4,594,053
Income taxes	4,724,000	2,219,000
Net Income	\$ 5,258,481	\$ 2,375,053

* Included in Costs and Expenses, Depreciation and Amortization: \$2,234,919 in 1986 and \$2,104,360 in 1985.

Assets

As of	6/28/86	6/29/85
Cash	\$ 542,489	\$ 408,701
Accts. receiv., net	13,754,757	7,854,359
Due from affil.	1,140,461	—

*Inventories	17,335,543	14,356,836
Prepaid expenses	351,465	657,867

Current Assets	\$ 33,124,715	\$ 23,277,763
#Fixed assets	23,102,843	19,619,515
Other assets	506,459	639,942

Total Assets	\$ 56,736,019	\$ 43,537,220
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Liabilities

Notes payable	\$ 8,271,250	\$ 7,985,750
Long-term debt, curr.	2,199,773	1,485,556
Accts. payable	8,752,418	5,619,719
Accrued payroll	1,244,317	1,144,138
Accrued taxes	1,061,783	803,899
Accrued inc. taxes	1,123,685	622,484
Accrued interest	358,853	364,905
Other accruals	1,213,381	1,046,349

Curr. Liabilities	\$ 24,225,460	\$ 19,072,800
Long-term debt	21,530,285	19,085,504
Deferred inc. taxes	988,932	526,087
Unfunded pension oblig.	91,869	132,069
Exc. of value of assets acq. over cost	1,096,788	1,176,556
+ Preferred stock	500,000	500,000
+ + Common stock	150,000	150,000
Add. paid-in capital	351,000	351,000
Retained earnings	7,801,685	2,543,204

Total Liabilities & Shareholders' Equity	\$ 56,736,019	\$ 43,537,220
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* At lower of cost (LIFO & FIFO) or market.
Less accumulated depreciation.
+ \$100 par value; 8% noncumulative.
+ + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.04	4.87
%Net Income to Sales	3.71	2.52
%Net Income to Equity	59.74	67.01
Sales to Inventories	8.18	6.58
Debt to Equity	2.70	5.80
Working Capital	\$8,899,255	\$4,204,963
Current Ratio	1.37	1.22
Shareholders' Equity	\$8,802,685	\$3,544,204

Dixie Yarns, Inc.

1100 South Watkins Street
Chattanooga, Tennessee 37404
(615) 698-2501

Mailing address:

P.O. Box 751
Chattanooga, Tennessee 37401

Officers: J. Burton Frierson, chairman of the executive committee; Daniel K. Frierson, president & chief executive officer; Morgan M. Schuessler, sr. v.p. & chief financial officer; C. Rex Childers, v.p. & pres.-Dixie Division; L.T. Prigmore, v.p.-organization development; C.P. Driver, v.p. & pres.-Candlewick Division; E. Bryan Gibson, v.p.-industrial relations; Thomas C. Robinson, Jr., secretary & treasurer; Edd L. Utley, controller.

Directors: J. Burton Frierson*, L. Hardwick Caldwell, Joseph H. Davenport, Jr.*, C. Ralph Ewing*, Daniel K. Frierson*, J. Frank Harrison, Robert L. Voigt, Raymond B. Wint, Jr., Robert J. Sudderth, Jr., Paul K. Brock, James H. Martin, Jr.

* Member of the Executive Committee.

Business Activities: Manufactures yarn from cotton and man-made fibers for sale to the knitting, weaving and tufting industries. A portion of this yarn is also further processed by the company through mercerizing, dyeing and bleaching. Industrial thread and yarn for hand knitting are also produced.

Dixie Yarns, Inc.

Trademarks and/or Brand Names: Durec, Silspun, Bebon, Corepun.

Plant Location(s): Chattanooga & Lupton City, Tenn.; Hope Mills, Cumberland, Mebane, Silerpaw, No. Carolina; Dalton & Ringgold, Ga.; Rosoke, Ala.; Lemoore, Calif.

Divisions:

Candlewick Division
Engaged in the manufacture of carpet yarns.

Dixie Division

Products include: cotton and blend yarns for hosiery; womenswear; menswear; sportswear; children's wear; underwear; swimwear; athletic uniforms, and industrial thread.

Acquisition:

China Grove Cotton Mills Company

Transfer Agent(s):

Third National Bank
Nashville, Tennessee

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DXYN (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 300,770,154	\$ 13,378,368
1985	253,470,837	7,092,636
1984	283,189,960	3,258,261
1983	282,688,971	4,518,878
1982	222,978,735	2,537,815

No. of Com. Shares † Earn. per Share †

1986	5,967,550	\$ 2.24
1985	5,725,056	1.24
1984	6,212,628	0.52
1983	7,817,688	0.58
1982	9,558,948	0.27

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986 Class A	\$0.4958	—	12-for-1
Class B	0.4291	—	—
1985 Class A	0.2667	—	—
Class B	0.1000	—	—
1984	0.2167	—	—
1983	0.1708	—	—
1982	0.1333	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share†
1986	\$ 92,317,000	\$ 12.12
1985	47,523,183	8.58
1984	43,040,845	7.54
1983	52,342,994	6.71
1982	49,293,033	6.28

† Adjusted to reflect stock split.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	\$ 300,770,154	\$ 253,470,837
Cost of sales	267,891,489	227,625,610
Expenses	15,896,304	12,251,900
Other income	(768,540)	(237,175)
Interest expense	2,111,121	2,430,088
Gain from plant closing	(5,926,588)	(1,387,222)
Income before taxes	\$ 21,566,368	\$ 12,787,636
Income taxes	8,188,000	5,695,000
Net income	\$ 13,378,368	\$ 7,092,636

* Included in Costs and Expenses, Depreciation and Amortization: \$6,434,555 in 1986 and \$6,335,983 in 1985.

As of	12/27/86	12/28/85
Cash	\$ 29,060,350	\$ 1,359,749
Accts. receiv., net	32,334,830	25,294,347
*Inventories	36,068,297	19,691,755
Refund inc. taxes	147,106	—
Prepaid expenses	766,805	194,854
Current Assets	\$ 98,377,388	\$ 46,440,705
*Fixed assets	44,318,646	38,778,462
Other assets	3,142,308	612,575
Total Assets	\$ 145,838,342	\$ 85,831,742
Liabilities		
Notes payable	\$ —	\$ 2,300,000
Long-term debt, curr.	1,845,800	1,979,200
Accts. payable	22,119,831	7,637,394
Accruals	8,937,271	6,092,061
Income taxes	—	319,657
Curr. Liabilities	\$ 32,902,902	\$ 18,328,312
Long-term debt	12,653,600	14,499,400
Other liabilities	817,381	—
Deferred inc. taxes	7,147,847	5,480,847
+ Common stock	20,653,095	16,233,552
+ Class B stock	2,206,584	2,206,584
Add. paid-in capital	28,122,127	—
Retained earnings	41,334,806	53,678,250
Treasury stock	—	(24,595,203)
Total Liabilities & Shareholders' Equity	\$ 145,838,342	\$ 85,831,742

* At cost (LIFO), which is less than market.

† Less accumulated depreciation and amortization.

+ \$3 per value.

Statistical Summary

%Income bef. Taxes to Sales	7.17	5.05
%Net Income to Sales	4.45	2.80
%Net Income to Equity	14.49	14.92
Sales to Inventories	8.34	12.87
Debt to Equity	0.16	0.40
Working Capital	\$65,474,486	\$28,112,393
Current Ratio	2.99	2.53
Shareholders' Equity	\$92,316,612	\$47,523,183

Dominion Textile Inc.

1950 Sherbrooke Street West
Montreal, Quebec, H3H 1E7, Canada
(514) 989-6000

Mailing address:

P.O. Box 6250
Montreal, Quebec, H3C 3L1 Canada

Officers: Thomas R. Bell, chairman, president & chief executive officer; Charles A. McCrae, executive vice-president administrative & resources; Alex R. McAslan, executive vice-president, operations; Paul E. Boudreau, president, apparel & industrial fabrics; Erwin Mertens, president, consumer products; Arthur P. Earle, senior vice-president, development & research; Pierre L. Roy, treasurer; William N. Gagnon, president, international operations; E. John Macfarlane, president, Mirafi, Inc.; Dennis Godfrey, president-Dominion Yarn Company; Sandy Mackay-Smith, vice president, secretary, and general counsel; Robert B. Anderson, assistant comptroller; Marie Baillargeon, assistant general counsel & asst. secretary; Peter McConnell, president-Wabasso Canada, Inc.; Gary Wilson, president-Dominion Fashion Group; H. Alton Conner, president-Linn-Corriher Corp.; C. Robert Koon, president-Swift Textiles, Inc.; Herman F. Riddle, president-Howard Cotton Co.; Milo A. Smith, v.p.-finance; Andre Cote, v.p.-corporate and external affairs; Guy R. Lacroix, v.p.-human resources; Claude Perron, v.p.-corporate planning and development.

Directors: Jean Beliveau, Cal N. Moisan*, Ronald H. Perovne*, David F. Sobey*, Thomas R. Bell*, Roderick O.A. Hunter, Alex R. McAslan, Charles A. McCrae, Alex Hamilton*, Gordon H. Lennard, H. Purdy Crawford, J.V. Raymond Cyr.

* Member of the Executive Committee.

Business Activities: Produces and markets woven fabrics for apparel and furnishing trades including indigo-dyed denim; cotton and blended yarn for knitters and weavers; consumer products for the home including sheets, pillow cases, draperies, bedspreads and towels; sportswear and leisure wear; non-woven plastics and fabrics for use by other manufacturing industries.

Textile Trademarks and/or Brand Names: Texmade, Caldwell, Esmond, Penmans, DHU, Swift, Mirafi, Wabasso, Dorma, Mary Quant, Harmonie.

Canadian Operations

Apparel Fabrics Company

Domil Plant

Sherbrooke, Quebec

Fabrics for men's and women's sportswear, rainwear and outerwear; shirting; tablecloths and dress prints.

Long Sault Plant

Long Sault, Ontario

Polyester/cotton broadcloths, outerwear and sportswear fabrics.

Magog Plant

Magog, Quebec

Cotton broadcloths, cotton and polyester/cotton print cloth and broadcloths, corduroy industrial fabrics.

Richelieu Plant

St. Jean, Quebec

Cotton and polyester/cotton blend fabrics for sportswear, work clothing, casement satens, interlinings, dress prints and pocketings.

Drummondville Plant

Drummondville, Quebec

Denim and industrial fabrics.

Consumer Products Company

Caldwell Plant

Iroquois, Ontario

Terry towels, towelling and bath mats.

Sherbrooke Plant

Sherbrooke, Quebec

Polyester/cotton sheeting for sheets, pillow slips, comforters and bedspreads.

Magog Finishing Plant

Magog, Quebec

Sheets, pillow slips, tabling, bedspreads, blankets and flannelette sheets.

Dominion Fashion Group

Cambridge, Ontario

Manufactures T-shirts, sweat shirts, golf shirts, shorts, jogging suits and other casual clothing.

Dominion Yarn Company

Domil Plant

Sherbrooke, Quebec

Long Sault Plant

Long Sault, Ontario

Salaberry Plant

Valleyfield, Quebec

Mount Royal Dyehouse

Montreal, Quebec

Industrial Fabrics Company

Drummondville Plant

Drummondville, Quebec

Fabrics of cotton and man made fibers or filaments for automotive, abrasive, buff and filter use; tire cord and chaffer fabrics; ducks for tarpaulins, conveyor belting and industrial hose; industrial yarn and V-belt cords.

Yarmouth Plant

Yarmouth, Nova Scotia

Ducks of cotton, man made fibers or filament for tarpaulins, conveyor belting and industrial hose; cotton and blend industrial greige fabrics; sales yarn.

Fiberworld Division:

Hawkesbury Plant

Hawkesbury, Ontario

E.I. du Pont de Nemours & Company

Regular and needle-punched polypropylene carpet backing; polyolefin industrial fabrics.

Woodstock Plant
Woodstock, Ontario

Resin bonded and needle-punched non-woven fabrics of man-made fibers for the coating trade, furniture and filter use, quilting and apparel manufacturing.

Wabasso Canada Inc.

Produces home fashions, including bedding products and towels under the "Wabasso," "Dorma," "Mary Quant" and "Charmonie" brand names.

Textile Management Services Inc.

United States Operations:

Include the manufacture and sale of denim, polyester-cotton yarn, geotextile products, and plastic accessories for the apparel industry.

Swift Textiles, Inc.

Columbus, Georgia
Indigo-dyed denim.

Linn-Corrier Corporation

Lands, North Carolina

Mirefi Inc.

Moultrie, Georgia
Civil engineering fabrics.

Howard Cotton Company

International Operations:

Dominion Textile (International) BU

Manufactures and distributes interlinings, cut linings, fusible fabrics, indigo-dyed denim for the apparel trade and a diversified line of nonwoven fabrics sold to a wide variety of industries.

DHU Industries Deutschland GmbH

Bielefeld, West Germany
Interlining fabrics and die-cut linings.

DHU Industries Europe S.A.

Paris, France
Interlining fabrics.

DHU Industries SpA

Milan, Italy
Interlining fabrics and die-cut linings.

DHU Industries (U.K.) Ltd.

London, England
Interlining fabrics, die-cut linings and packaging.

SENFA S.A.

Selostat, France
Interlining fabrics

DHU Canada Inc.

DHU Industries (Far East) Ltd. (Hong Kong)

DHU Industries AG (Switzerland)

Transfer Agent(s):

The Royal Trust Company
Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: DTX

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	\$ 926,516	\$ 6,401
1985	765,870	(14,375)
1984	877,846	23,130
1983	822,422	19,065
1982	767,306	(14,404)
	No. of Com. Shares ‡	Earn per Share ‡
1986	15,763,000	\$ 0.27
1985	14,108,986	—
1984	13,160,783	1.59
1983	11,788,447	1.41
1982	10,964,695	—

(Loss)

† Including extraordinary losses of \$4,689,000 (\$0.29 per share) in 1986 and \$11,500,000 in 1982.

‡ Based on the daily weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.48	—	—
1985	0.66	—	—
1984	0.72	—	—
1983	0.72	—	—
1982	1.02	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	\$ 299,941,000	\$ 18.08
1985	275,788,000	18.71
1984	280,964,000	21.08
1983	260,629,000	20.04
1982	227,541,000	20.39

‡ After allowing for preferred stock at stated values.

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 926,516	\$ 765,870
Operating costs	893,059	776,767
Interest expense	25,479	22,898
Other income	(3,652)	(1,729)
Share in earn. of assoc. cos.	(2,549)	(1,538)
Income (loss) bef. taxes	\$ 14,179	\$ (30,528)
Income taxes (credit)	222	(15,947)
Minority interest	2,867	(206)
Net Income (Loss)	\$ 11,090	\$ (14,375)
Extraord. loss	(4,689)	—
Net Income (Loss) & extraord. loss	\$ 6,401	\$ (14,375)

* Included in Costs and Expenses, Depreciation: \$33,871,000 in 1986 and \$31,019,000 in 1985.

Assets (000's)

As of June 30	1986	1985
Cash	\$ 21,903	\$ 13,176
Accts. receiv., net	159,031	127,762
Inventories	242,844	220,465
Prepaid expenses	6,933	5,305
Current Assets	\$ 430,711	\$ 366,708
Investments & advances	12,434	7,743
Fixed assets	292,575	295,395
Other assets	2,000	2,718
Total Assets	\$ 737,720	\$ 672,564

Liabilities (000's)

Long-term debt, curr.	\$ 16,866	\$ 14,954
Short-term borrowings	33,298	36,938
Accts. payable & accruals	102,591	101,983
Dividends payable	2,253	2,321
Income taxes	5,134	3,869
Curr. Liabilities	\$ 160,142	\$ 160,065
Long-term debt	145,039	146,969
Def. inc. taxes	25,502	34,920
Minority interest	27,024	24,743
+ First preferred stock	72	79
+ + Second pref. stock	80,000	30,000
+ + + Common stock	175,609	149,772
Retained earnings	118,988	123,080
Cum. trans. adjust.	5,344	2,926
Total Liabilities & Shareholders' Equity	\$ 737,720	\$ 672,564

* At lower of average cost and net realizable value.

† Less accumulated depreciation.

+ \$100 stated value; \$7 cumulative.

+ + \$25 stated value, series A, \$2 cumulative; series C, floating rate cumulative; series D & E, \$1.8125 cumulative.

+ + + No par value.

Statistical Summary

Income bef. Taxes to Sales	1.53	—
%Net Income to Sales	1.20	—
%Net Income to Equity	2.92	—
Sales to Inventories	3.82	3.15
Debt to Equity	0.51	0.65
Working Capital	\$270,569,000	\$206,643,000
Current Ratio	2.69	2.29
Shareholders' Equity	\$380,013,000	\$305,867,000

E.I. du Pont de Nemours & Company

1007 Market Street
Wilmington, Delaware 19898
(302) 774-1000

Officers: Richard E. Heckert, chairman of the board & chief exec. officer; Edgar S. Woolard, Jr., president & chief operating officer; Elmer J. Grivetti, Archie W. Dunham, Colin H. Lee, H. Douglas Dahl, Jarvis B. Cecil, Robert B. Ayres, C. Wes McDonald, Floyd E. Ellis, exec. v.p.'s; H. Gordon Smyth, John J. Quindlen, John F. Shmetz, Samuel Schwartz, John R. Malloy, W. Earl Tatum, Alexander MacLachlan, Jr., v.p.'s; Robert M. Aiken, David D. McBerry, Nicholas Pappas, III, James F. Kearns, Carl De Martino, Dale E. Wolf, Elwood P. Blanchard, John P. McAndrews, Charles L. Henry, Mark A. Swyn, group vice presidents; Constantine S. Nicandros, president & chief exec. officer-Comoco Inc.; Bobby R. Brown, chairman & chief exec. officer-Consolidation Coal Company.

Directors: Richard E. Heckert*, chairman of the board; Irving S. Shapiro, David K. Barnes*, H. Rodney Sharp, III, Robert C. Forney*, Andrew F. Brimmer, Margaret P. MacKinn, Joseph A. Dallas, Charles L. Brown, Gilbert E. Jones, Irene du Pont, Jr., Edward B. duPont, George P. Edmonds, Crawford H. Greeneswalt, Edward R. Kane, Howard W. Johnson, William G. Simeral*, Charles R. Bronfman, Edgar M. Bronfman, Charles B. McCoy, Dean R. McKay, Ralph E. Bailey*, Louise C. Duemling, Edward Shapiro, Edgar S. Woolard, Jr., Constantine Nicandros*, Wilfred Schmoer*, Charles R. Bronfman, Edward G. Jefferson, E. Leo Kelter, David G. Sacks, John L. Weinberg.

* Member of the Executive Committee.

Business Activities: Operations are divided into the following industrial segments: biomedical products; industrial and consumer products; fibers; polymer products; agricultural and industrial chemicals; petroleum exploration and production; petroleum refining, marketing and transportation; and coal. Biomedical products include clinical instruments and X-ray products used in medical diagnosis; prescription pharmaceuticals; radiopharmaceuticals and radioactive tracer chemicals; and biomedical instruments used principally in research. Industrial and consumer products include photographic products and systems for printing, engineering reproduction, data recording and micrographic markets; electronic products for high-density microcircuits, resistor networks and printed circuit boards; electronic connectors; chromium dioxide magnetic particles used in audio and video tapes and cassettes, and for data storage; finishes for the automotive and other industries; nonstick coatings; analytical instruments for research and industrial process monitoring; explosives; and sporting firearms and ammunition. Man-made fiber products consist of specialty fibers used in apparel, carpets, tire and aircraft component reinforcement, protective clothing, operating room apparel, packaging and road support, together with high-volume fibers for apparel and home fabrics, carpeting and industrial applications. These products are sold directly to the textile and other industries for processing into products used in consumer markets. Polymer products include plastic resins, elastomers, and films and other fabricated products. Agricultural chemical operations include worldwide manufacture and sale of fungicides, herbicides and insecticides for crop protection. Industrial chemicals comprise a range of such commodity and specialty products as pigments, organic chemicals, fluorocarbons, petroleum additives, mineral acids and other inorganics. Principal petroleum products include gasoline, jet fuel, heating oil, fuel oil, asphalt, petroleum coke, natural gas, liquids and chemical feedstocks.

E.I. du Pont de Nemours & Company

Trademarks: Adonion, Antron, Avitex, Avitome, Bi-Nell*, Bytence, Cautec, Civona*, Cordura, Dacron, Du Pont, Hollofil, Hyton, Kevlar, Lycra, Methacrol, Mylar, Nalon, Nomelle*, Nornex, Orion, Qiana, Reemay, Sayelle*, Sontara, Sontique*, Stren, Supplex, Tactan, Teflon, Thermax, Tyvek, Tyne, Typar, Tyvek, Vytor, Wintak*, Zelan, Zelon, Zetec, Zepel, Zonyl

*Certification marks.

Textile Fibers Department Plant Locations: Seaford, Del.; Athens, Ga.; Kingston & Wilmington, N.C.; Charleston, S.C.; Chattanooga, Tenn.; Martinsville, Richmond & Waynesboro, Va.

Industrial Department:

Biochemicals Products Department
Fibres & Fabricated Products Department
Chemicals and Pigments Department
International Department
Petrochemicals Department
Photo Systems & Electronic Products Department
Polymer Products Department
Textile Fibers Department
Agricultural Chemicals Department

Subsidiaries:

DuPont International Sales Corporation
Wilmington, Delaware

Remington Arms Company, Inc.
Bridgeport, Connecticut

Colquhoun, S.A. de C.V.
Mexico, D.F., Mexico

Conoco, Inc.
Conoco Delaware, Inc.

Consolidation Coal Company

DuPont Taiwan Ltd.
Taipei, Taiwan

DuPont Taiwan Chemicals Ltd.
Taipei, Taiwan

DuPont (Australia) Limited
Sydney, Australia

DuPont, S.A. de C.V.
Mexico, D.F., Mexico

Conoco (U.K.) Limited
London, England

DuPont de Colombia, S.A.
Bogota, Colombia

DuPont de Nemours (Belgium)
Brussels, Belgium

Brandywine Assurance Company Ltd.
Bermuda

Quimica DuPont Centroamerica, S.A.
Guatemala

DuPont de Nemours (Deutschland) GmbH
Dusseldorf, Germany

DuPont de Nemours International S.A.
Carouge, (Geneva), Switzerland

DuPont de Nemours Italiana S.p.A.
Milan, Italy

DuPont de Nemours (Luxembourg) S.A.
Contern, Luxembourg

DuPont Photolux, S.A.
Luxembourg

DuPont de Nemours (Nederland) B.V.
Dordrecht, Netherlands

Lacas y Pinturas, S.A.
Spain

DuPont de Nemours Nordiska A.B.
Marsta, Sweden

Dupont (Hong Kong) Ltd.
Hong Kong

DuPont de Venezuela C.A.
Caracas, Venezuela

DuPont do Brasil S.A.
Sao Paulo, Brazil

DuPont Far East Inc.
Wilmington, Delaware

Comercial Quimica Peru S.A.
Lima, Peru

DuPont de Nemours (France) S.A.
Paris, France

DuPont Japan Ltd.
Japan

DuPont (New Zealand) Ltd.
New Zealand

DuPont (Singapore) Electronics Pvt., Ltd.
Singapore

Affiliated Companies:

La Dominica S.A. de C.V. (49% owned)
Mexico, D.F., Mexico

Desarrollo Quimico Industrial, S.A. (50% owned)
Madrid, Spain

Allied Encebsa, Ltd. (50% owned)
Australia

DuPont Canada, Inc. (74.88% owned)
Montreal, Quebec, Canada

Butachimie (50% owned)
France

Mitsui Fluorochemicals Company, Ltd. (50% owned)
Tokyo, Japan

Mitsui Polychemicals Company, Ltd. (50% owned)
Tokyo, Japan

Pigmentos y Productos Quimicos, S.A. de C.V. (49% owned)
Mexico, D.F., Mexico

Showa Neoprene K.K. (50% owned)
Tokyo, Japan

Tetrafil de Mexico, S.A. (40% owned)
Mexico, D.F., Mexico

DuPont-Toray Co. Ltd. (50% owned)
Tokyo, Japan

Quimica Flor, S.A. de C.V. (32.9% owned)
Mexico

Nylon de Mexico, S.A. (40% owned)
Mexico

Acquisitions:

Inland Steel Coal Company
Sierra Coal Company

Tau Laboratories, Inc.

Transfer Agent(s):

E.I. du Pont de Nemours & Company
Finance Department
Nemours Building
10th & Orange Streets
Wilmington, Delaware

Mailing address:

1007 Market Street
Wilmington, Delaware 19898

Stock Exchange(s): New York

Ticker Symbol: DD

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	\$ 27,148,000	\$ 1,538,000
1985	29,483,000	1,118,000
1984	30,559,000	1,431,000
1983	28,798,000	1,127,000
1982	29,061,000	894,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	240,527,000	\$ 6.35
1985	240,354,000	4.61
1984	239,482,000	5.93
1983	237,767,000	4.70
1982	235,707,000	3.75

‡ Based on the average number of common shares outstanding.

Revenues By Line of Business

	1986 \$ (millions)	1985 \$ (millions)
Petroleum	9,819	12,920
Coal & minerals	1,501	1,517
Agricultural & industr. chemicals	3,396	3,388
Polymer prodn.	3,657	3,379
Fibers	4,786	4,483
Industr. & cons. prodn.	2,839	2,780
Biomedical prodn.	1,130	1,016
Total	\$ 27,148	\$ 29,483

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$3.05	—	—
1985	3.00	—	—
1984	2.90	—	—
1983	2.50	—	—
1982	2.40	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	\$ 13,137,000	\$ 54.74
1985	12,422,000	51.62
1984	11,996,000	50.06
1983	11,235,000	47.04
1982	10,613,000	44.87

‡ After allowing for preferred stock at stated values.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 27,148,000	\$ 29,483,000
Other income	273,000	382,000
Total Income	\$ 27,421,000	\$ 29,865,000
Cost of sales	15,129,000	17,898,000
Expenses	2,350,000	2,077,000
Deprec., deplet. & amort.	2,119,000	1,796,000
Explor. expenses	550,000	561,000
Res. & develop. expenses	1,156,000	1,144,000
Interest expense	438,000	513,000
Taxes	2,656,000	2,282,000
Gains from sales of businesses	(140,000)	(27,000)
Loss on restruc. of invest.	178,000	226,000
Early retire. prog.	—	200,000
Inc. before taxes	\$ 2,985,000	\$ 3,195,000
Inc. taxes	1,447,000	2,077,000
Net Income	\$ 1,538,000	\$ 1,118,000

Assets (000's)

As of Dec. 31	1986	1985
Cash & marketable securities	\$ 584,000	\$ 583,000
Accts. & notes receiv., net	3,771,000	4,044,000
*Inventories	4,253,000	3,873,000
Prepaid expenses	352,000	376,000
Current Assets	\$ 8,960,000	\$ 8,876,000
*Investments	469,000	280,000
*Fixed assets	15,697,000	15,195,000

Other assets & investments	1,607,000	789,000
Total Assets	\$ 26,733,000	\$ 25,140,000
Liabilities (000's)		
Short-term borrowings	\$ 1,625,000	\$ 723,000
Accts. payable	2,346,000	2,550,000
Accruals	1,482,000	1,607,000
Income taxes	185,000	431,000
Corr. Liabilities	\$ 5,636,000	\$ 5,311,000
Long-term debt	3,227,000	3,191,000
Cap. lease oblig.	89,000	93,000
Other liabilities	1,669,000	1,475,000
Minority interest	90,000	68,000
Deferred inc. taxes	2,648,000	2,343,000
+ Preferred stock:		
\$4.50 series	167,000	167,000
\$3.50 series	70,000	70,000
+ + Common stock	400,000	401,000
Add. paid-in capital	4,535,000	4,492,000
Retained earnings	8,202,000	7,529,000
Total Liabilities & Shareholders' Equity	\$ 26,733,000	\$ 25,140,000

* Valued at LIFO cost.

† Less accumulated depreciation and obsolescence.

+ No par value; cumulative.

+ + \$1.66% par value.

Statistical Summary

%Income bef. Taxes to Sales	11.00	10.84
%Net Income to Sales	5.67	3.79
%Net Income to Equity	11.50	8.83
Sales to Inventories	6.38	7.61
Debt to Equity	0.24	0.32
Working Capital	\$ 3,324,000,000	\$ 3,565,000,000
Current Ratio	1.59	1.67
Shareholders' Equity	\$13,374,000,000	\$12,659,000,000

Dylex Limited

637 Lake Shore Boulevard West
Toronto, Ontario, M5V 1A8, Canada
(416) 586-7000

Officers: J.F. Kay, chairman of the board; Wilfred Postlun, president & chief exec. officer; Irving Postlun, exec. vice president & treasurer; Kenneth Axelrod, v.p.-Manchester Clothing; Gordon Edelstone, v.p.-Tip Top; Gunter Leverenz, v.p.-distribution; Irving Levine, v.p.-Fairweather; Joel N. Cooper, v.p.-Braemar; Sydney Loftus, v.p.-Dylex Real Estate; Paul Mancini, v.p.-Western Apparel; Jerome A. Corngold, v.p.-Tobias Kotzin; Lionel Robins, v.p.-Fairweather; Harry Rosen, v.p.-Harry Rosen Men's Wear; Henry Zagdanski, v.p.-Nu Mode Dress; David Beiles, v.p.-Big Steel Man; Donald J. Evans, v.p.-Tip Top; Conrad LeDrew, v.p.-Big Steel Man; Mickey Maklin, v.p.-Thrifty's; Harry Steinberg, v.p.-Fairweather; Glenn A. Stonehouse, v.p.-Thrifty's; Norman Shaw, v.p.-M.I.S.; David Wolpin, v.p.-Big Steel Man; Donald Williams, secretary.

Directors: Kenneth Axelrod, D.W. Casey, J.F. Kay, S.F. Kay, David Korn, Irving Levine, Sydney Loftus, Irving Postlun, Richard Postlun, Wilfred Postlun, Lionel Robins, Harry Rosen, S.M. Sigel, W.H. Singer, H.J. Stitt, Henry Zagdanski, A.H. Zalkin, Irving Teitelbaum, Gordon Edelstone, Donald J. Evans, Russell Jacobson, Donald A. Williams, Wendy Postlun.

Business Activities: Engaged in the specialty merchandising of apparel with women's, men's and family retail clothing stores located throughout Canada. Stores operate under such names as Fairweather, Big Steel Man, Braemar, Ruby's Suzy Shier/L.A. Express, Tip Top, Harry Rosen, Thrifty's, T. Edwards, B.H. Emporium and Bi-Way. Manufactures women's and children's coats and dresses marketed under such brand names as "Young Canadian", "Thunder Bay", "Picknit", and "Nu Mode", men's and women's sweaters and men's casual clothing. The Shoe Shoppe, in which Dylex has a 50% interest,

operates Ruby's, Fantasia, Diva, and Feathers from standing shoe stores and shoe departments. Dylex holds a 50% interest in Town & Country, a chain of sports and casual women's wear stores, and a 50% interest in Drug World, which operates two drug stores in Ontario, Canada.

Trademarks and/or Brand Names: New Editions, Nu-Mode, Postlun, Shapes, Signature Collection, Forsyth, Pierre Cardin, Leishman, Nino Cerruti, Henley, Target Apparel, Tobias, Angels Flight, Picknit, Thunder Bay, Young Canadian.

Divisions and Subsidiaries:

Manchester Children's Wear Division
9494 St. Laurent Boulevard
Montreal, Quebec, H2N 1P4
Specializes in the manufacture of women's coats.

National Knitting Mills Company Division
1485 Dupont Street
Toronto, Ontario, M6P 3S2
Manufactures men's and women's sweaters.

San Remo Knitting Mills Inc. (75% owned)
5333 Casgrain Street
Montreal, Quebec, H3T 1X3
Manufactures men's casual clothing.

Forsyth Trading Company (26.67% interest)
36 Huron Avenue
Toronto, Ontario, M8Z 5Y1

Irving Postlun's Sportswear
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8
Coat manufacturers.

Manchester Manufacturing Inc. (42% interest)
P.O. Box 107 Bridge Street
Colebrook, New Hampshire 03676

Nu Mode Dress (75% interest)
530 Adelaide Street West
Toronto, Ontario, M5V 2K7
Manufactures women's dresses.

Paulman International Apparel Ltd. (75% owned)
955 Weston Road
Toronto, Ontario, M6N 3R4

Shane Knit Ltd. (50% owned)
456 Alliance Avenue
Toronto, Ontario, M6N 2J2
Manufactures men's and women's sweaters.

Suzy Shier Inc. (50.1% owned)
1604 St. Regis Boulevard
Dorval, Quebec, H9P 1H6

Tobias Kotzin Company (70% interest)
1300 Santee Street
Los Angeles, California 90015

B.H. Emporium Division
637 Lakeshore Blvd. West
Toronto, Ontario, M5V 1A8

Big Steel Man Division
637 Lakeshore Blvd. West
Toronto, Ontario, M5V 1A8

Bi-Way Stores Limited
115 Commander Blvd.
Scarborough, Ontario, M1S 3M7

Braemar Division
637 Lakeshore Blvd. West
Toronto, Ontario, M5V 1A8

Town & Country/Petites (50% owned)
4100 Weston Road
Toronto, Ontario, M9L 2Y6

Fairweather Division
637 Lakeshore Blvd. West
Toronto, Ontario, M5V 1A8

NBO Stores Inc. (50% interest)
60 Enterprise Avenue
Secaucus, New Jersey

Harry Rosen Inc. (51% owned)
111 Richmond Street West
Toronto, Ontario, M5H 2G4

Target Apparel Division (Integrated Manufacturing)
963 Weston Road
Toronto, Ontario, M6N 3R4

The Shoe Shoppe Limited (50% owned)
55 Scarsdale Road
Don Mills, Ontario, M3B 2R2

Thrifty Riding & Sport Shop Limited
637 Lake Shore Blvd. W.
Toronto, Ontario, M5V 1A8

Tip Top Tailors Division
637 Lakeshore Blvd. West
Toronto, Ontario, M5V 1A8

Weston Apparel Manufacturing Division
(Integrated Manufacturing)
965 Weston Road
Toronto, Ontario, M6N 3R4

Brooks Fashion Stores Inc.
370 Seventh Ave.
New York, N.Y. 10001

The Wet Seal Inc. (86.8% owned by Suzy Shier Inc.)
1852 Kaiser
Irvine, California 92714

Club International, Inc.
Fox Valley Shopping Centre
Highway 39 & 65
Aurora, Illinois 60505

Foxmoor Chain (48.5% interest)
393 Manley Street
West Bridgewater, Mass 02379

Drug World (50% owned)
T. Edwards (48.5% interest)

Transfer Agent(s):
The Royal Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: DLX

Sales and Earnings

	Net Sales (000's)	Net Income \$ (000's)
1986	\$ 1,208,600	\$ 25,118
1985	1,082,133	46,753
1984	926,676	41,196
1983	822,404	31,484
1982	549,127	17,273

	No. of Com. Shares #	Earn. per Share \$#
1986	48,047,000	\$ 0.51
1985	46,689,000	1.00
1984	46,689,000	0.88
1983	44,232,000	0.71
1982	35,856,000	0.48

‡ Before extraordinary items.

Based on the average number of common shares and Class A shares combined adjusted to reflect stock dividend and stock split.

Revenues By Line of Business

	1986 (000's)	1985 (000's)
Retail	\$ 1,120,658	\$ 998,657
Fashion manufacturing	87,942	83,476
Total	\$ 1,208,600	\$ 1,082,133

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	\$0.20	—	—
1985	0.19	—	3-for-1
1984	0.17	—	—
1983	0.13	—	—
1982	0.09	100%	—

‡ On common and Class A shares; adjusted to reflect stock dividend and stock split.

Dylex Limited

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 336,617,000	\$ 7.01
1985	269,031,000	5.76
1984	225,636,000	4.83
1983	190,221,000	4.30
1982	110,627,000	3.09

‡ Based on the average number of common shares and Class A shares combined adjusted to reflect stock dividend and stock split.

Income Account (000's)		
Year ended	1/31/87	2/1/86
Net Sales	\$ 1,208,600	\$ 1,082,133
Cost of sales	1,091,415	967,217
Depreciation & amortization	24,782	20,362
Interest expense	15,382	8,996
Interest income	(7,559)	(4,847)
Income before taxes	\$ 84,580	\$ 90,405
Income taxes	42,513	42,701
Loss (income) from invest.	13,615	(2,564)
Minority interest	3,334	3,515
Net Income	\$ 25,118	\$ 46,753
Extraord. gain	1,115	—
Net Income & extraord. gain	\$ 26,233	\$ 46,753

Assets (000's)		
As of	1/31/87	2/1/86
Cash & short-term deposits	\$ 135,282	\$ 124,130
Accts. receiv., net	24,780	23,100
Sundry debtors	759	1,648
*Inventories	144,711	135,331
Prepaid expenses	4,504	2,457
Current Assets	\$ 310,036	\$ 286,666
Investments	220,327	144,011
#Fixed assets	67,892	52,288
Leased assets under cap. leases	64,551	58,670
Intangibles	13,572	13,950
Total Assets	\$ 676,378	\$ 555,585
Liabilities		
Long-term debt, curr.	\$ 1,645	\$ 1,808
Accts. payable & accruals	117,050	109,570
Income & other taxes	23,959	15,637
Oblig. under cap. leases curr.	14,104	11,942
Curr. Liabilities	\$ 156,758	\$ 138,957
Long-term debt	117,788	89,050
Oblig. under cap. leases	51,013	45,855
Minority interest	14,075	11,168
Deferred inc. taxes	127	1,524
+ Common stock	1,687	1,687
+ Class A Stock	89,750	83,840
+ Class C Stock	51,495	—
Add. paid-in capital	1,457	1,479
Ex. trans. adjust.	1,254	7,592
Retained earnings	190,974	174,433
Total Liabilities & Shareholders' Equity	\$ 676,378	\$ 555,585

* At lower of cost and net realizable value. Mfg. inventories at lower of cost (FIFO) and net realizable value.
Less accumulated depreciation.
+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	7.00	8.35
%Net Income to Sales	2.08	4.32

%Net Income to Equity	7.46	17.38
Sales to Inventories	8.35	8.00
Debt to Equity	0.55	0.55
Working Capital	\$153,278,000	\$147,709,000
Current Ratio	1.98	2.06
Shareholders' Equity	\$336,617,000	\$269,031,000

Eagle Clothes, Inc.

10 West 33rd Street
New York, New York 10001
(212) 947-6635

Officers: Mortimer H. April, chairman of the board & chief executive officer; Marvin A. Blumenfeld, president & chief operating officer; Arthur M. Chase, executive vice president; Robert Kuhn, executive vice president; Harvey Cather, controller, chief financial officer & secretary.

Directors: Mortimer H. April, chairman of the board; Marvin A. Blumenfeld, Arthur M. Chase, Walter Feldesman, Louis Green, Louis Kuhn, Robert L. Kuhn, Robert Lamb, Stanley Simon, Frank Zolfo.

Business Activities: Designs, manufactures (through subcontractors) and markets men's suits, slacks, and sportcoats primarily under the "Eagle" and "Giorgio Sant" Angelo trade names. The Company is also engaged in providing merchandise and merchandising and consulting services to "off-price" menswear retailers, and is a promoter and liquidator of merchandise for special situations and troubled companies.

Trademarks and/or Brand Names: College Hall, Eagle Clothes, Eagle University, Etienne Caron, Giorgio Sant' Angelo, Golden Eagle, Middishade, Sussex, Witty Bros.

Divisions and Subsidiaries:

Eagle Clothes Division
April-Marcus, Inc.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: EGL

Sales and Earnings		
	Net Revenues	Net Income †
1986	\$ 113,099,000	\$ (1,490,000)
1985	97,040,000	1,299,000
1984	104,307,000	2,211,000
1983	96,559,000	5,312,000
1982	68,455,000	2,580,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,273,663	\$ —
1985	6,427,891	0.20
1984	6,266,346	0.35
1983	5,000,000	1.05
1982	5,000,000	0.51

(Loss)
† Including extraordinary gains of \$177,000 (\$0.03 per share) in 1986, \$797,000 (\$0.12 per share) in 1985, \$676,956 (\$0.11 per share) in 1984, \$2,743,000 (\$0.55 per share) in 1983 and \$1,430,000 (\$0.29 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business		
	1986	1985
Merchandising & consulting	\$ 102,364,000	\$ 95,219,000
Retailing	24,225,000	1,427,000
Mfg. & wholesaling	9,947,000	12,199,000
Eliminations	(23,437,000)	(11,805,000)
Total	\$ 113,099,000	\$ 97,040,000

Common Stock Equity		
	Total Equity †	Equity Per Share ‡
1986	\$ 21,281,940	\$ 3.39
1985	23,113,897	3.60
1984	21,984,246	3.51

† After allowing for preferred stock at par value.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *		
Year ended July 31	1986	1985
Net revenues	\$ 113,098,504	\$ 97,040,164
Cost of sales	90,055,737	84,073,196
Expenses	23,196,315	10,309,134
Interest expense	1,474,528	1,505,336
Amort. of exc. cost over value of assets acq.	38,916	30,214
Income (loss) bef. taxes	\$ (1,666,992)	\$ 1,122,284
Income taxes	—	620,000
Net Income (Loss)	\$ (1,666,992)	\$ 502,284
Extraord. gain	177,000	797,000
Net Income (Loss) & extraord. gain	\$ (1,489,992)	\$ 1,299,284

* Included in Costs and Expenses, Depreciation and Amortization: \$570,064 in 1986 and \$351,074 in 1985.

Assets		
As of Jul. 31	1986	1985
Cash	\$ 1,127,829	\$ 568,492
Accts. receiv., net	6,021,128	7,827,599
*Inventories	38,649,847	40,398,809
Other curr. assets	1,331,373	756,041
Current Assets	\$ 47,130,177	\$ 49,550,941
#Fixed assets	2,172,750	1,942,867
Notes receivable	3,236,000	1,800,000
Other assets	2,061,930	1,040,666
Intangibles	1,578,489	1,095,405
Total Assets	\$ 56,179,346	\$ 55,429,879
Liabilities		
Notes payable	\$ 6,500,000	\$ 4,000,000
Accts. payable	12,822,088	13,374,326
Income taxes	1,658,773	937,146
Curr. Liabilities	\$ 20,980,861	\$ 18,311,472
Long-term debt	4,307,975	3,684,676
Cust. advances	8,898,330	9,432,594
Income taxes payable	708,000	885,000
+ Preferred stock	2,240	2,240
+ Common stock	6,650,000	6,650,000
Add. paid-in capital	17,606,933	17,606,933
Retained earnings (deficit)	(1,850,677)	(360,685)
Treasury stock	(1,124,316)	(782,351)
Total Liabilities & Shareholders' Equity	\$ 56,179,346	\$ 55,429,879

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	—	1.16
%Net Income to Sales	—	0.52
%Net Income to Equity	—	2.17
Sales to Inventories	2.93	2.40
Debt to Equity	0.51	0.33
Working Capital	\$26,149,316	\$31,239,469
Current Ratio	2.25	1.20
Shareholders' Equity	\$21,284,180	\$23,116,137

Eastman Kodak Company

343 State Street
Rochester, New York 14650
(716) 724-4000

Officers: Colby H. Chandler, chairman of the board & chief executive officer; Kay R. Whitmore, president; J. Phillip Samper, vice chairman; Dennis M. DeLeo, v.p. & director-corporate commercial affairs; David J. Metz, v.p. & dir. of corp. communications; Robert L. Long, v.p. & dir. of corp. planning; Toy F. Reid, exec. v.p. & gen. mgr.-Eastman Chemicals Div.; Leo J. Thomas, sr. v.p. & gen. mgr.-Life Sciences Div.; Cecil D. Quillen, Jr., sr. v.p. & general counsel; Andrew P. Donovan, secretary; Paul L. Smith, sr. v.p. & dir.-finance & adm.; Donald E. Snyder, treasurer; William L. Sutton, sr. v.p. & dir.-corp. relations; John R. McCarthy, v.p.-corp. relations; Lowrie G. Piercy, comptroller; Edwin P. Przybylowicz, sr. v.p. & dir.-research; William F. Fowble, sr. v.p. & gen. mgr.-mfg.; Frank Strong, group v.p. & gen. mgr.-diversified technologies; Lawrence J. Mattoon, group v.p. & gen. mgr.-commercial and information systems; Wilbur J. Prezzano, group v.p. & gen. mgr.-photographic products; Cornelius J. Murphy, sr. v.p. & gen. mgr.-customer and marketing support operations.

Directors: Colby H. Chandler*, chairman; Walter A. Fallon, Juanita M. Kreps, Roger E. Anderson, Cecil D. Quillen, Jr., Charles T. Duncan, Toy F. Reid*, John G. Smale, William L. Sutton*, Kay R. Whitmore*, J. Phillip Samper*, David S. Saxon, Paul L. Smith*, John F. Burlingame.

* Member of the Executive Committee.

Business Activities: Develops, manufactures and markets still and motion picture cameras and projectors, lenses, microfilming units, and professional photographic equipment; photographic films, papers, plates and chemicals; business equipment and related products, including copier-duplicators; radiographic products; light-sensitive materials for scientific use, positive-working photoresists for fabricating circuit boards, duplicating plates for making negative copies of printed circuits; man-made fibers, industrial chemicals and plastics.

Textile-related products include Kodol polyester staple fiber, Kodol polyester filament yarn, Estroon acetate yarn, Chromspan solution-dyed acetate yarns, used in apparel, apparel fabrics, home furnishings, fiberfill, non-wovens, and industrial applications.

Textile Trademarks and/or Brand Names: Aniloft, Chromspan, Eastman, Eastobond, Eastobrite, Eastone, Eastrobond, Eastron, SLR, Kodocoff, Kodofill, Kodol, Loftura, Verel.

Divisions and Subsidiaries:

Photographic and Information Management Division

Life Sciences Division

Bio-Products Division

Laboratory & Research Products Division

Pharmaceuticals Division

Clinical Products Division

Health Sciences Division

Mass Memory Division

Kodak Park Division
1069 Lake Avenue
Rochester, New York 14650
(716) 458-1000

Kodak Apparatus Division
901 Elmgrove Road
Rochester, New York 14650
(716) 724-4000

Business Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Motion Picture and Audiovisuals Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Consumer Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Graphics Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Photofinishing Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Eastman Technology, Inc.
343 State Street
Rochester, New York 14650
(716) 724-4000

Professional Photography Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Customer Equipment Services Division
800 Lee Road
Rochester, New York 14650
(716) 458-6143

Eastman Chemicals Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Arkansas Eastman Company
P.O. Box 2357
Batesville, Arkansas 72501
(501) 698-1811

Carolina Eastman Company
P.O. Box 1782
Columbia, South Carolina 29202
(803) 794-9200

Tennessee Eastman Kodak
P.O. Box 511
Kingsport, Tennessee 37662
(615) 246-2111

Texas Eastman Company
P.O. Box 7444
Longview, Texas 75601
(214) 757-6611

Eastman Gelatine Corporation
227 Washington Street
Peabody, Massachusetts 01960
(617) 531-1700

Atex, Inc.
Bedford, Massachusetts

Kodak Canada Inc.
3500 Eglinton Avenue West
Toronto, Ontario, M6M 1V3 Canada
(416) 766-8233

Kodak Limited
P.O. Box 66
Kodak House
Station Road, Hemel Hempstead
Hertfordshire, HP1 1JU, England

Kodak-Pathe S.A.
8-26 rue Villiot
75008-Paris, Cedex 12
France

Kodak A.G.
Postfach 369
7000 Stuttgart 60, Germany

Kodak (Australasia) Pty. Ltd.
173-3058 Elizabeth Street
Coburg, Victoria, Australia

Kodak Brasileira C.L.L.
Av. Brigadier Faria Lima, 1815, 7th Floor
Caixa Postal 225
Sao Paulo, 01000 Brazil

Datatape Division
Manufactures high-technology digital & analog recording equipment.

Eastman Kodak International Sales Corporation
Torrey Pines Realty Company, Inc.
Garlic Development Corporation
Kodak Programs, Inc.
Cyclotronics, Inc.
Diconix, Inc.
Eltron Applied Imaging, Inc.
Qualis Photofinishing Company
Eastmap Chemical Products, Inc.
Holston Defense Corporation

Marketing Pipeline Company

Pinto Pipeline Company of Texas
Kodak International Management Corp.
Kodak Processing Laboratory, Inc.
Eastman Kodak Communications, Inc.
Eastman Chemical International Ltd.
Eastman Chemical Brasileira Ltda.
Eastman Chemical International, A.G.
Ectona Fibres Limited
Kodak Argentina, Ltd.
American Photo, S.A.
Kodak Chilena S.A.F.
Foto Interamericana de Colombia, Ltd.
Kodak Mexicana, Ltd.
Kodak Panama, Ltd.
Kodak Export Limited
Laboratorios Kodak Limitada
Foto Interamericana de Peru, Ltd.
Kodak Caribbean, Limited
Kodak Uruguay, Ltd.
Foto Interamericana de Venezuela, S.A.

Verbatim Corporation

Manufacturer and marketer of flexible disks for use in computers and word processing systems.

Eikonix Corporation

Designs and manufactures digital image-processing equipment.

Acquisition:

Fox Photo, Inc.

A photofinisher which operates wholesale photo labs and mini labs in 23 states.

Transfer Agent(s):

Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Boston, Philadelphia, Paris, London, Tokyo.

Ticker Symbol: EK

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	\$ 11,550,000	\$ 374,000
1985	10,631,000	332,000
1984	10,600,000	923,000
1983	10,170,000	565,000
1982	10,815,000	1,162,000

	No. of Com. Shares +	Earn. per Share #
1986	225,800,000	\$ 1.66
1985	225,700,000	1.46
1984	233,400,000	3.80
1983	248,400,000	2.28
1982	248,300,000	4.75

+ Adjusted to reflect stock split.

Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$2.44	—	—
1985	2.43	—	3-for-2
1984	2.40	—	—
1983	2.37	—	—
1982	2.37	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1986	\$ 6,388,000	\$ 28.29
1985	6,562,000	29.07
1984	7,137,000	30.58
1983	7,520,000	30.27
1982	7,541,000	30.37

Adjusted to reflect stock split.

Eastman Kodak Company

Income Account *

Year ended	12/28/86	12/29/85
Net sales	\$ 11,550,000	\$ 10,631,000
Cost of sales	7,613,000	7,129,000
Expenses	2,693,000	2,378,000
Unusual charges	520,000	563,000
Oper. profit	\$ 724,000	\$ 561,000
Investment income	129,000	129,000
Total	\$ 853,000	\$ 690,000
Interest exp.	200,000	183,000
Other expense (income)	55,000	(23,000)
Income before taxes	\$ 598,000	\$ 530,000
Income taxes	224,000	198,000
Net Income	\$ 374,000	\$ 332,000

* Included in Costs and Expenses, Depreciation: \$975,000,000 in 1986 and \$838,000,000 in 1985.

Assets

As of	12/28/86	12/29/85
Cash	\$ 145,000	\$ 161,000
Marketable securities	468,000	632,000
Receiv., net	2,563,000	2,346,000
*Inventories	2,072,000	1,940,000
Deferred inc. taxes	348,000	397,000
Prepaid expenses	215,000	181,000
Current Assets	\$ 5,811,000	\$ 5,677,000
#Fixed assets	6,276,000	5,977,000
Other assets	815,000	488,000
Total Assets	\$ 12,902,000	\$ 12,142,000

Liabilities

As of	12/28/86	12/29/85
Payables	\$ 3,440,000	\$ 2,989,000
Dividends payable	142,000	180,000
Income & other taxes	209,000	156,000
Curr. Liabilities	\$ 3,791,000	\$ 3,325,000
Long-term borrowings	911,000	988,000
Other liabilities	603,000	219,000
Deferred inc. taxes	1,209,000	1,048,000
+ Common stock	622,000	621,000
Add. paid-in capital	314,000	312,000
Retained earnings	6,533,000	6,710,000
Treasury Stock	(1,081,000)	(1,081,000)
Total Liabilities & Shareholders' Equity	\$ 12,902,000	\$ 12,142,000

* At cost (LIFO) which is not in excess of market.

Less accumulated depreciation.

+ \$2.50 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	5.18	4.99
%Net Income to Sales	3.24	3.12
%Net Income to Equity	5.85	5.06
Sales to Inventories	5.57	5.48
Debt to Equity	0.14	0.15
Working Capital	\$2,020,000,000	\$2,352,000,000
Current Ratio	1.53	1.71
Shareholders' Equity	\$6,388,000,000	\$6,562,000,000

Fab Industries, Inc.

200 Madison Avenue
New York, New York 10016
(212) 279-9000

Officers: Samson Bitensky, chairman of the board & president; Howard Soren, v.p. & treasurer; Sherman S. Lawrence, secretary; Ted Hoffman, v.p.-mfg.; Steven Myers, v.p.-sales;

Susan Bitensky, v.p.-administration; Stanley August, v.p.-sales.

Directors: Samson Bitensky, chairman; Sherman S. Lawrence, Lawrence H. Bober, Louis Feil, Robert L. Rosen, Donald D. Shuck.

Business Activities: Engaged in the manufacturing and marketing of knitted textile products—tricot, warp knits and double knit fabrics, printed knits—and polyurethane coated fabrics used extensively by the apparel, accessory and home furnishings industries. Also produces sheets, blankets and other bedding products.

Trademarks and/or Brand Names: SuperSuede, Bouclé, Frost Fire, SuperSuede-Plus, Wispasuede, SuperSuede Bonded, DoubleSuede, SuperSuede II, Panaville, Panalure, Crepe Candide, Fabiana, Fabella, Matte Grande.

Plant Location(s): Amsterdam, N.Y.; Lincolnton, Cherryville, Salisbury, and Maiden, N.C.

Divisions and Subsidiaries:

Adirondack Knitting Mills, Inc.
4 Prospect Street
Amsterdam, New York

Fab Craft Division
Fab Lace, Inc.
Raval Lace Division
Fab Print Division
Fab Athletic/Recreational Division
Circular Knit Division
Fab Home Furnishings Division
Fab Industrial Fabrics Division
Singer Retail Division
Fab International Ltd.
Adirondack Knitting Mills Division
Consumer Products Division
Salisbury Manufacturing Corporation
Raval Designer Lace Division
Fab-Tek Division

Gem Urethane Corp.
Building #16
De Graff Street
Amsterdam, New York 12010

Mohican Mills, Inc.
P.O. Box 190
Route 3
Lincolnton, North Carolina 28092

Travis Mills, Inc.
Lititz, Pennsylvania

Travis Knits, Inc.
Cherryville, North Carolina

Lamasonics Industries, Inc.

Transfer Agent(s):
Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, N.Y. 10001

Stock Exchange(s): American

Ticker Symbol: FIT

Sales and Earnings

	Net Sales	Net Income
1986	\$ 119,056,000	\$ 10,726,000
1985	107,348,000	8,683,000
1984*	114,897,000	9,753,000
1983	98,943,000	8,120,000
1982	94,295,000	7,194,000
	No. of Com. Shares †	Earn. per Share ‡
1986	3,632,037	\$ 2.95
1985	3,632,037	2.39
1984*	3,823,937	2.55
1983	3,829,065	2.12
1982	3,901,823	1.84

* 53 weeks.

† Based on the average number of shares of common stock and common stock equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.50	—	—
1984	0.40	—	—
1983	0.35	—	5-for-3
1982	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 79,408,000	\$ 21.86
1985	70,681,000	19.46
1984	63,994,000	16.74
1983	58,566,000	15.32
1982	52,166,000	13.32

‡ Based on the average number of shares of common stock and common stock equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	11/29/86	11/30/85
Net sales	\$ 119,056,000	\$ 107,348,000
Cost of sales	93,555,000	88,725,000
Expenses	10,905,000	10,374,000
Dividend & interest income	(2,726,000)	(3,528,000)
Real. gain on sale of secur.	(363,000)	(177,000)
Adj. for leveraged leases	500,000	806,000
Unreal. loss (gain) on secur.	415,000	(559,000)
Income bef. taxes	\$ 16,770,000	\$ 11,707,000
Income taxes	6,044,000	3,024,000
Net Income	\$ 10,726,000	\$ 8,683,000

* Included in Costs and Expenses, Depreciation: \$3,308,000 in 1986 and \$2,873,000 in 1985.

Assets

As of	11/29/86	11/30/85
Cash	\$ 13,099,000	\$ 8,643,000
Marketable secur.	27,127,000	32,291,000
Accts. receiv., net	20,730,000	19,628,000
*Inventories	20,517,000	17,547,000
Other assets	1,141,000	1,536,000
Current Assets	\$ 82,614,000	\$ 79,645,000
Investments	3,352,000	3,858,000
#Fixed assets	25,640,000	22,726,000
Other assets	541,000	234,000
Total Assets	\$ 112,147,000	\$ 106,463,000

Liabilities

Accts. payable & accruals	\$ 8,455,000	\$ 11,302,000
Accrued payroll	3,416,000	3,734,000
Other taxes	2,989,000	1,615,000
Dividend payable	2,179,000	1,816,000
Other liabilities	1,173,000	1,096,000
Curr. Liabilities	\$ 18,212,000	\$ 19,563,000
Deferred compensation	1,844,000	742,000
Long-term debt	955,000	977,000
Deferred inc. taxes	10,649,000	11,506,000
Deferred credit	—	767,000
Other liabilities	1,079,000	2,047,000
+ Common stock	765,000	765,000
Retained earnings	81,515,000	72,968,000
Treasury stock	(2,872,000)	(2,872,000)
Total Liabilities & Shareholders' Equity	\$ 112,147,000	\$ 106,463,000

* At lower of cost (FIFO and LIFO) or market.

Less accumulated depreciation.

+ \$0.20 par value.

Statistical Summary

%Income bef. Taxes to Sales	14.09	10.91
%Net Income to Sales	9.01	8.09
%Net Income to Equity	13.51	12.28
Sales to Inventories	5.80	6.12
Debt to Equity	0.01	0.02
Working Capital	\$64,402,000	\$60,082,000
Current Ratio	4.54	4.07
Shareholders' Equity	\$79,408,000	\$70,861,000

Fairfield-Noble Corporation

1410 Broadway
New York, New York 10018
(212) 354-0058

Officers: Hy Rabin, president; Clarence Scaduto, vice-president.

Directors: Hy Rabin, William L. Weiss, Clarence Scaduto.

Business Activities: Manufactures and markets women's and girls' outfits, ensembles, jackets, skirts, pants, blouses, dresses, sweaters, coordinators and separates under the Cathy Hardwick label.

Trademarks and/or Brand Names: Cathy Hardwick.

Division:

Cathy Hardwick Division
575 Seventh Avenue
New York, New York

Transfer Agent(s):

Mellon Securities Trust Company
% Mellon Securities Transfer Services
Fort Lee Executive Park
One Executive Drive
Fort Lee, New Jersey 07024

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FARF (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 9,740,000	\$ 2,187,000
1985	—	(817,000)
1984	—	127,000
	No. of Com. Shares ‡	Earn. per Share ‡†
1986	2,736,106	\$ 0.96
1985	2,510,403	—
1984	2,223,868	0.06

† Including extraordinary gain of \$1,152,000 (\$0.51 per share) in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Revenues:		
Net sales	\$ 9,740,000	\$ —
Rent income	84,000	249,000
Other income	101,000	88,000
Total income	\$ 9,925,000	\$ 337,000
Product develop.	—	116,000
Cost of sales	5,201,000	—
Expenses	2,147,000	474,000
Unrecov. design costs	—	269,000
Rent expense	217,000	158,000
Interest expense	163,000	5,000
Compensation costs	10,000	132,000

Income (loss) before taxes

Income taxes	\$ 2,187,000	\$ (817,000)
Income taxes	1,152,000	—
Net Income (Loss)	\$ 1,035,000	\$ (817,000)
Extraord. gain	1,152,000	—
Net Income (Loss) & extraord. gain	\$ 2,187,000	\$ (817,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$3,000 in 1986 and \$33,000 in 1985.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 2,578,000	\$ 0.94
1985	361,000	0.14
1984	1,032,000	0.46

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Assets

As of June 30	1986	1985
Cash	\$ 97,000	\$ 2,000
Due from factor	1,385,000	—
*Inventories	2,791,000	1,116,000
Due from rel. parties	412,000	153,000
Prepaid royalty exp.	—	55,000
Prepaid expenses	458,000	9,000
Current Assets	\$ 5,143,000	\$ 1,335,000
#Fixed assets	32,000	—
Due from rel. parties	—	125,000
Other assets	1,000	2,000
Total Assets	\$ 5,176,000	\$ 1,462,000

Liabilities

Accts. payable, accruals & other	\$ 1,318,000	\$ 623,000
Due to rel. parties	1,280,000	449,000
Due to factor	—	29,000
Curr. Liabilities + Common stock	\$ 2,598,000	\$ 1,101,000
Add. paid-in capital	262,000	260,000
Retained earnings (deficit)	13,812,000	13,744,000
Deferred unearned comp.	(10,156,000)	(12,343,000)
Treasury stock	(40,000)	—
	(1,300,000)	(1,300,000)
Total Liabilities & Shareholders' Equity	\$ 5,176,000	\$ 1,462,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	22.45	—
%Net Income to Sales	10.63	—
%Net Income to Equity	40.15	—
Sales to Inventories	3.49	—
Working Capital	\$2,545,000	\$234,000
Current Ratio	1.98	1.21
Shareholders' Equity	\$2,578,000	\$361,000

Farah Inc.

8889 Gateway West
El Paso, Texas 79925
(915) 593-4444

Mailing address:

P.O. Box 9519
El Paso, Texas 79985

Officers: William F. Farah, chairman of the board & chief exec. officer; James C. Farah, president & chief operating

officer; Richard L. Jaeger, chief financial officer & treasurer; Sylvan Landau, vice chairman, corp. marketing; Jack R. Green, v.p. & corp. secretary; Robert N. Farah, exec. v.p.; Thaddeus D. Lepkowski, v.p.-information services; Carlos R. Ortiz, v.p.-administration; Rebecca M. Cuellar, asst. secretary; James C. Swaim, v.p.-finance.

Directors: William F. Farah*, Richard N. Azar, Richard L. Jaeger*, H. Tati Santisteban, Charles C. Wood, Robert N. Farah*, Sylvan Landau, Haleon Farah, James C. Farah*, Daniel F. Prentice, Mel L. Bacharach, Steven M. Miska.

* Member of the Executive Committee.

Business Activities: Engaged in the production and marketing of blazers, shirts, jackets, vests, dress and casual trousers, and jeans, primarily for the men's, young men's, and boys' markets.

Trademarks and/or Brand Names: FARAH, Farah Clothing Company, Savanne, John Henry, N.P.W., E. Joven, WFF Designer, Generra Collections.

Plant Locations: El Paso, Texas; Chihuahua & Torreon, Mexico; Kowloon, Hong Kong; Kiltimagh & Galway, Ireland.

Subsidiaries:

Farah Manufacturing Australia Pty. Limited
715-721 Elizabeth Street
Waterloo, NSW 2017, Australia

Farah (Far East) Limited
COW Building, 16th Floor
388 Castle Peak Road
Tsuen Wan, N.T., Hong Kong

Farah Japan Limited
No. 2 Mochizuki Bldg.
6-16, 2-Chome, Shibaura
Minato-Ku, Tokyo 108
Japan

Farah Manufacturing (U.K.) Limited
Unit 2a Garwick Gate Estate
Charlwood Road, Lowfield Heath
Crawley Sussex RH 11 0JS
England

Farah (Exports) Ireland Limited
Ashe Road, Shantalla
Galway, Ireland

Value Slacks, Inc.
8889 Gateway West
El Paso, Texas 79925

Generra Sportswear Company, Inc.
18 West Mercer
Seattle, Washington 98119

Transfer Agent(s):

MBank, N.A.
Main at Ervay
P.O. Box 5415
Dallas, Texas 75222

Stock Exchange(s): New York, Pacific

Ticker Symbol: FRA

Sales and Earnings

	Net Sales	Net Income ‡
1986	\$ 366,158,000	\$ 4,162,000
1985	322,350,000	17,919,000
1984	250,772,000	15,568,000
1983	206,435,000	20,998,000
1982	194,278,000	15,548,000
	No. of Com. Shares	Earn. per Share ‡ +
1986	5,886,180	\$ 0.70
1985	5,849,134	3.04
1984	5,797,769	2.51
1983	6,447,130	3.19
1982	6,222,270	2.46

‡ Including extraordinary credits of \$7,440,000 (\$1.26 per share) in 1985, \$6,258,000 (\$0.95 per share) in 1983 and \$1,156,000 (\$0.82 per share) in 1982.

+ Based on the weighted average number of shares outstanding.

Farah Inc.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 71,871,000	\$ 12.21
1985	71,711,000	12.26
1984	56,641,000	9.77
1983	64,168,000	9.95
1982	44,660,000	7.18

Income Account *		
	(000's)	
Year ended Oct. 31	1986	1985
Net sales	\$ 366,158	\$ 322,350
Cost of sales	269,506	226,065
Expenses	85,511	73,969
Interest expense	6,283	6,220
For. curr. exch. losses	1,104	1,261
Other income	(1,014)	(1,110)
Gain on sale of assets	(219)	(416)
Income before taxes	\$ 4,987	\$ 16,361
Income taxes	825	5,882
Net Income	\$ 4,162	\$ 10,479
Extraord. gain	—	7,440
Net Income & extraord. gain	\$ 4,162	\$ 17,919

* Included in Costs and Expenses, Depreciation and Amortization: \$7,194,000 in 1986 and \$6,090,000 in 1985.

Assets		
	(000's)	
As of Oct. 31	1986	1985
Cash	\$ 8,120	\$ 5,042
Accts. receiv., net	71,522	63,626
*Inventories	65,790	67,125
Prepaid expenses	7,284	4,016
Current Assets	\$ 152,716	\$ 139,809
#Fixed assets	29,516	24,405
Trademarks	8,601	9,702
Other assets & defer. charges	21,950	19,337
Total Assets	\$ 212,783	\$ 193,253

Liabilities		
	(000's)	
Short-term debt	\$ 44,432	\$ 33,292
Accts. payable	23,120	26,089
Accruals	15,876	15,946
Other curr. liab.	1,440	1,870
Income taxes	1,063	4,219
Acquisition payments	6,036	4,658
Curr. Liabilities	\$ 91,967	\$ 86,074
Long-term debt	39,571	27,636
Non-current liab.	9,374	7,832
+ Common stock	27,093	26,879
Add. paid-in capital	24,338	23,814
Foreign currency adjustment	(1,852)	(2,674)
Retained earnings	42,972	43,979
Treasury stock	(20,680)	(20,287)
Total Liabilities & Shareholders' Equity	\$ 212,783	\$ 193,253

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$4 par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	1.36	5.08
%Net Income to Sales	1.14	3.25
%Net Income to Equity	5.79	14.61
Sales to Inventories	5.57	4.80
Debt to Equity	1.17	0.85
Working Capital	\$60,749,000	\$53,735,000
Current Ratio	1.66	1.62
Shareholders' Equity	\$71,871,000	\$71,711,000

Fieldcrest Cannon Inc.

326 East Stadium Drive
Eden, North Carolina 27288
(919) 627-3000

Officers: Joseph B. Ely, II, chairman of the board & chief exec. officer; Francis X. Larkin, vice chairman, president & chief operating officer; Charles G. Horn, exec. vice president; W. Randle Mitchell, Jr., exec. v.p. & chief financial officer; K. William Fraser, Jr., sr. v.p.; Larry W. Owen, sr. v.p.; W. Giles Hunnings, Jr., Chris L. Kameches, Edward J.C. Molitor, Osborne L. Raines, William O. Stone, v.p.'s; M. Kenneth Doss, gen. counsel & secretary; Lawrence L. Mann, treasurer; Stanley P. Barringer, asst. secretary; Thomas R. Staab, controller.

Directors: Richard P. Chapman*, C.R. Charbonnier*, F.C. Dumaine*, Joseph B. Ely, II*, Albert B. Hunt*, Arthur O. Wellman, John Rudel, Henry Wheeler, Francis X. Larkin*, Noah T. Herndon, James M. Fitzgibbons*, John C. Harned*, C. Edward Midgley.

* Member of the Executive Committee.

Business Activities: Manufactures and markets a complete range of bed and bath products under the "Fieldcrest," "St. Mary's," "Cannon," "Royal Family," and "Monticello" brand names and carpets under the "Karastan" and "Bigelow" brand names. Also engaged in the finishing services and the production of carded and combed yarns of all cotton, blends of polyester/cotton, and all synthetic fibers.

Trademarks and/or Brand Names: Fieldcrest, St. Mary's, Karastan, Cannon, Royal Family, Monticello.

Plants, Divisions & Subsidiaries:

Bed and Bath Division
60 West 40th Street
New York, New York

Carpet and Rug Division
919 Third Avenue
New York, New York

North Carolina Finishing
104 West 40th Street
New York, New York

Fieldcrest & Cannon
Eden & Kannapolis, North Carolina

Swift Spinning Mills
Columbus, Georgia

Automatic Blankets
Smithfield, North Carolina

Bath Rugs
Scottsboro, Alabama
Dalton, Georgia

Bedsprings
Eden, Kannapolis & Albemarle, North Carolina

Bedding Accessories
Eden & Kannapolis, North Carolina

Blankets
Eden, North Carolina

Shirtings
Eden, Forest City, Salisbury, Kannapolis, Rockwell, Concord, China Grove, North Carolina

Towels
Fieldale, Virginia
Columbus, Georgia
Phenix City, Alabama
Concord, North Carolina
York, South Carolina

Foremost Screen Print
Stokesdale, North Carolina

Carpet and Rugs
Eden & Laurel Hill, North Carolina

Carpet and Rug Yarns
Greenville & Laurel Hill, North Carolina

Delaware Valley Wool Scouring Co.
Philadelphia, Pennsylvania

North Carolina Finishing
Salisbury, North Carolina

Comforters

Eden, Kannapolis & Albemarle, North Carolina

Kitchen Products

Kannapolis, North Carolina

Acquisitions:

Bigelow-Sanford, Inc.

Manufactures woven and tufted broadloom carpets for residential and commercial use.

Transfer Agent(s):

First Union National Bank
Charlotte, North Carolina

Stock Exchange(s): New York

Ticker Symbol: FLD

Sales and Earnings		
	Net Sales (000's)	Net Income (000's)
1986	\$ 1,083,236	\$ 17,389
1985	586,092	13,062
1984	572,821	4,143
1983	550,515	15,000
1982	491,955	10,417
No. of Com. Shares +		Earn. per Share #
1986	7,801,492	\$ 2.11
1985	7,801,492	1.68
1984	7,735,050	0.54
1983	7,721,954	1.95
1982	7,596,818	1.37

+ Adjusted to reflect stock split.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business		
	(000's)	
	1986	1985
Bed & bath products	\$ 850,884	\$ 393,000
Rugs & carpets	189,676	158,323
Other	42,676	34,769
Total	\$ 1,083,236	\$ 586,092

Common Stock		
	Cash Dividend#	Stock Dividend
1986	\$0.57	—
1985	0.63	—
1984	1.00	—
1983	1.00	—
1982	1.00	—

Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity (000's)	Equity Per Share #
1986	\$ 269,389	\$ 34.53
1985	181,163	23.22
1984	172,096	22.25
1983	175,001	22.66
1982	166,570	21.93

Adjusted to reflect stock split.

Income Account *		
	(000's)	
Year ended Dec. 31	1986	1985
Net sales	\$ 1,083,236	\$ 586,092
Cost of sales	847,173	461,533
Expenses	161,785	93,761
Restructuring of operations	4,286	—
Oper. profit	\$ 69,992	\$ 30,798

Figgie International Inc.

Interest expense	38,338	8,516
Other income	(35)	(400)
Income before taxes	\$ 31,689	\$ 22,682
Income taxes	14,300	9,620

Net income \$ 17,389 \$ 13,062

* Included in Costs and Expenses, Depreciation: \$22,719,000 in 1986 and \$15,299,000 in 1985.

	Assets (000's)	1986	1985
As of Dec. 31			
Cash	\$	10,913	\$ 2,572
Accts. receiv., net		217,137	105,897
Inventories		251,568	87,048
Prepaid expenses & other assets		13,374	6,413
Current Assets	\$	492,992	\$ 201,930
Fixed assets		313,297	169,834
Defer. charges & other assets		12,813	1,307
Total Assets	\$	819,102	\$ 373,071

	Liabilities (000's)	1986	1985
Long-term debt, curr.	\$	2,215	\$ 5,374
Accts. payable		75,391	33,495
Income taxes		1,847	—
Accruals		83,423	35,335
Cur. Liabilities	\$	162,876	\$ 74,204
Long-term debt		329,245	85,435
Deferred inc. taxes		37,760	28,392
Other liabilities		19,832	3,877
+ Common stock		10,216	34,200
Add. paid-in capital		108,437	8,923
Retained earnings		150,736	138,040
Total Liabilities & Shareholders' Equity	\$	819,102	\$ 373,071

* At lower of cost (primarily at LIFO) or market.
 † Less accumulated depreciation.
 ‡ No par value.

Statistical Summary

%Income bef. Taxes		
to Sales	2.93	3.87
%Net Income to Sales	1.61	2.23
%Net Income to Equity	6.45	7.21
Sales to Inventories	4.31	6.73
Debt to Equity	1.22	0.50
Working Capital	\$330,116,000	\$127,726,000
Current Ratio	3.03	2.72
Shareholders' Equity	\$269,389,000	\$181,163,000

Figgie International Inc.

1000 Virginia Center Parkway
 Richmond, Virginia 23295
 (804) 264-5600

Officers: Harry E. Figgie, Jr., chairman of the board and chief executive officer; William G. Gilmore, Mike Trbovich, sr. v.p.'s; James S. Anderson, vice president-industrial relations; John M. Fitzpatrick, v.p.-gov't. relations; Charles B. Miner, group v.p.; Joseph J. Skadra, v.p. & controller; L.A. Harbun, sr. v.p.-international, general counsel & secretary; Charles C. Rieger, Jr., group v.p.; Woodson S. Carlisle, Jr., v.p. & treasurer; Mary C. Cleary, v.p. & asst. to chairman; Richard A. Foster, v.p.

Directors: Harry E. Figgie, Jr., Dale S. Coenen, Ewing T. Boles, Alfred V. Gangnes, Walter M. Vannoy, Robert A. Weaver, Jr., Gerald K. Rugger, Russel W. McFall, Harrison Nesbit, II, Hans Ulrich Rinderknecht, Harold B. Scott, Harry E. Figgie, III, John S. Lanahan, F. Rush McKnight, C.B. Robertson, III, A.A. Sommer, Jr.

Business Activities: Comprised of over 35 principal divisions and subsidiaries, Figgie's business can be grouped into five areas: consumer and recreation products; fire protection/safety/security; services; technical products; and machinery & products.

Divisions and Subsidiaries: Technical Group

Hartman Electrical Manufacturing
 175 North Diamond Street
 Mansfield, Ohio 44902
 (419) 524-1411

Electrical power switching and solid state controls. Contractors, relays, and protective devices.

Hartman Systems
 360 Wolf Hill Road
 Huntington Station, L.I., New York 11746
 (516) 427-7500

Fully integrated electronic systems and products for government and industry; Military display systems; Command and control systems; Telecommunication systems; Telephone management systems.

Interstate Electronics
 1001 East Ball Road
 Anaheim, California 92805
 (714) 758-0500

Voice data entry computer terminals; Plasma display terminals; Military command and control display systems; Signal processing systems; Off-shore oil platform data systems; Environmental surveys and services; Instrumentation and missile tracking systems.

Interstate Voice Products
 1849 W. Sequoia Avenue
 Orange, California 92668
 (714) 937-9010

Speech recognition and speech response products, including chips, boards and complete turnkey systems for commercial, consumer and military markets.

RES/Rusco Electronic Systems
 1840 Victory Boulevard
 Glendale, California 91201
 (818) 240-2540

Electronic Cardentry access controls, copy machine and fuel-control monitoring systems. Time and attendance data collection, and parking-control systems. Bank and identification cards.

Consumer Group

Figgie Licensing Division
 Richmond, Virginia 23295
 (804) 264-5600

Worldwide trademark licensing of consumer products, principally Fred Perry and Rawlings Sportswear, activewear and hard goods.

Rawlings Sporting Goods
 2300 Delmar Boulevard
 St. Louis, Missouri 63126
 (314) 349-3500

Full line of sports equipment for baseball, football, basketball, soccer, boxing, badminton, golf, hockey, tennis and wrestling. Uniforms, jackets and shoes.

Fred Perry Sportswear (U.K.) Ltd.
 Bridport Road
 London, N18, 1 SN England

Designer, manufacturer and worldwide marketer of high fashion tennis clothing and sports apparel.

Interstate Engineering
 522 East Vermont Avenue
 Anaheim, California 92805
 (714) 778-5700

Residential smoke detectors and fire alarms. Compact home vacuum cleaners. Wireless IEC Security System. Aluminum and zinc die castings.

Thermometer Corporation of America
 567 East Pleasant Street
 Springfield, Ohio 45505
 (513) 325-0456

Thermometers, hydrometers, humidity and weather instruments. Tru-Temp and Taylor thermometers and cooking instruments.

Sherwood-Drolet Corp. Ltd.
 2745 Sherwood Blvd.

Sherbrooke, Quebec J1K 1E1
 Canada
 (819) 563-2202

Design, manufactures and markets hockey sticks.

Fire Protection and Safety

Advance Security
 3330 Peachtree Road
 Atlanta, Georgia 30305
 (404) 231-1210

Security consultation. Uniformed security guards. Fire, safety, security systems and equipment. Industrial and business investigative service. Large area protection.

"Automatic" Sprinkler Corp. of America
 P.O. Box 180
 Cleveland, Ohio 44147
 (216) 526-9900

Sprinkler systems; control valves; sprinkler heads; spray nozzles; "Rate-of-Rise" and electric detection systems; electronic control panels; alarms; hydraulically calculated and special hazards fire protection systems. Fabrication, inspection and maintenance services; Range Guard fire extinguishing systems.

Badger-Provahan
 P.O. Box 7146
 Charlottesville, Virginia 22906
 (804) 973-4361

Portable water, carbon dioxide, and dry chemical fire extinguishers. Halon systems. Range hoods. "Blaze Guard" fire hose and couplings. Brass products for fire protection, industrial and municipal applications.

Scott Aviation
 225 Erie Street
 Lancaster, New York 14086
 (716) 683-5100

Oxygen and air breathing systems, light aircraft accessories. Gas masks and respiratory devices. Gas analyzers and alarms. Air pollution detection and control equipment. Safety and first aid equipment.

Sminkel
 P.O. Box 65-Stockyards Station
 St. Joseph, Missouri 64504
 (913) 989-4481

Aerial type water delivery systems for fire fighting apparatus, articulated and telescopic booms, extendable ladders and aerial platforms.

Industrial Group: Machinery & Products

Consolidated Packaging Machinery
 11980 Walden Ave.
 Alden, New York 14004
 (716) 937-3361

High-speed automatic capping equipment for bottles, cans and other containers; crimpers; cotton stuffers; scales; bagclosers; gravity paper bag fillers and closers.

Geo. J. Meyer Manufacturing
 Charleston, South Carolina 29411
 (803) 572-6640

Packaging and bottling equipment. Labeling machinery. Case palletizers. Bottle rinsing and inspection equipment.

Scott Huber Essick
 P.O. Box 10263
 Charleston, South Carolina 29411
 (803) 797-5300

Road-building and construction equipment, Huber motor grader, rollers and maintainers, Scott hydraulic cranes. Smith truck-mounted turbine and tilt concrete mixers.

Kersey/American LaFrance
 600 Mountain Lane
 Bluefield, Virginia 24605
 (803) 326-1121

Battery-powered tractors, scoops, supply cars, coal cars, hydraulic self-unloading cars; battery chargers; batteries and motors for underground coal mining.

Logan Co.
 P.O. Box 6107
 Louisville, Kentucky 40206
 (502) 587-1361

Conveyor equipment and material handling systems. Wire partitions and window guards, folding gates. Spiral stairs and ornamental ironwork. Automated package and parcel sorting systems.

Figgie International Inc.

Safway Steel Products
8228 West State Street
Milwaukee, Wisconsin 53213
(414) 258-2700

Steel scaffolding and shoring systems. Portable bleachers. Powered mobile platforms and swing stages.

Figgie Hydraulic Products
1777 Morgantown Ave.
Fairmont, West Virginia 26544
(304) 366-4730

Hydraulic pumps, motors and parts; blowers; hydraulic valves, snow plow runs and precision machine products; custom gears for mining, constructions and hydraulic equipment.

Akron Packaging Machinery
Akron, Ohio 44313
(216) 923-0491

Case packers; uncasers; container dividers; combiners.

Stallman Gear
527 W. Rich Street
Columbus, Ohio 43215
(614) 224-3394

Manufacturer of gears, splined shafts and sprockets supplying the mining machinery, construction equipment, hydraulic gear pump and other machinery markets.

Kline Foundries
P.O. Box 444
Alburtis, Pennsylvania 18011
(215) 966-3966

Gray, ductile and malleable iron castings for transportation, heating, refrigeration, power transmission and construction.

Western Reserve Container
P.O. Box 193
Painesville, Ohio 44077
(216) 946-8464

Corrugated shipping containers; die cut corrugated inserts for product protection; point-of-sale corrugated floor and counter-top displays; protective inserts.

Other Services

Waite Hill Holdings Inc.
Waite Hill Assurance Ltd.
Hamilton 5, Bermuda
(809) 292-6667

Diversified underwriting.

Figgie Insurance Company Ltd.
Hamilton 5, Bermuda
(809) 292-6667

Diversified underwriting.

Colony Insurance Company
Warwick, Rhode Island 02886
(401) 732-0890

Property/casualty underwriting.

Cardinal Casualty Company
Cleveland, Ohio 44130
(216) 826-0335

Property/casualty underwriting.

Waite Hill Services, Inc.
Richmond, Virginia 23295
(804) 261-7000

Insurance services.

Figgie Acceptance Corporation
Richmond, Virginia 23295
(804) 264-5830

Financing subsidiary.

Figgie Properties, Inc.
Richmond, Virginia 23295
(804) 264-5840

Real estate management and development.

Figgie Natural Resources
Richmond, Virginia 23295
(804) 264-5600

Oil and gas investments.

Figgie Systems Support Division
Richmond, Virginia 23295
(804) 264-5750

Government services, contracting operations, maintenance and logistics services.

Figgie Systems Management Group, Inc.
4420 Sherwin Road
Willoughby, Ohio 44094
(216) 946-9000

Data processing and systems services; facility services; minicomputer hardware and software; CAD/CAM time sharing; microcomputer systems and training.

Hawthorne Aviation
Sandston, Virginia 23150
(804) 222-7256

Fixed base operations.

International Operations Group

Geo. J. Meyer (Australia) Pty. Ltd.
Figgie International Pty. Ltd.
Australia

"Automatic" Sprinkler Belgium N.V.
Belgium

Figgie do Brasil Industria e Comercio Ltda.
Brazil

Rusco Automatismes Et Systemes Sarl
France

Figgie International Sports, Ltd. S.A.
Haiti

Rawlings Japan Co., Ltd.
Japan

Geo. J. Meyer Mfg. Canada, Ltd.
Sherwood-Drolet Corp. Ltd.
Thermometer Corporation of Canada Ltd.
Adirondack-Sherwood, Inc.
"Automatic" Sprinkler of Canada, Ltd.
Canada

ASCOA "Automatic" Sprinkler G.m.b.H.
Logan Fenamex Transportation G.m.b.H.
Germany

Geo. J. Meyer de Mexico S.A. de C.V.
Smith-Esack de Mexico S.A. de C.V.
Mexico

Anasco Sports Co. Inc.
Chemtronics Caribe, Inc.
Overseas Sports Co., Inc.
Rawlings Sales Co., Inc.
Puerto Rico

Geo. J. Meyer (South Africa) Pty. Ltd.
South Africa

"Automatic" Sprinkler Europe B.V.
"Automatic" Sprinkler Nederland B.V.
Meyer Dumore International B.V.
Netherlands

Wimbledon Shirt Company, Ltd.
Fred Perry & Paynes Ltd.
W. Payne & Company, Ltd.
Figgie (G.B.) Ltd.
Fred Perry Sportswear (UK) Ltd.
Logan Fenamex (UK) Ltd.
Fred Perry Sportswear Ltd.
Meyer Dumore International Ltd.
United Kingdom

Logan Transportteknik AB
Sweden

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIGIA and FIGI (NASDAQ)

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 919,818,000	\$ 42,426,000
1985	803,412,000	29,238,000
1984	720,686,000	17,413,000
1983	642,319,000	21,355,000
1982	673,834,000	26,058,000

	No. of Com. Shares	Earn. per Share #
1986	7,077,401	\$ 6.31
1985	5,991,491	5.03
1984	5,560,481	3.00
1983	5,579,738	3.62
1982	5,901,438	4.18

+ Of continuing operations only.

Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1986	1985
Consumer	\$ 122,863	\$ 112,049
Fire protection/safety	369,438	321,809
Machinery & products	176,847	154,524
Technical Services	240,819	208,396
	9,851	6,634
Total	\$ 919,818	\$ 803,412

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.49	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.68	—	—
1982	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 292,766,000	\$ 41.37
1985	218,472,000	36.46
1984	187,231,000	33.67
1983	179,845,000	32.23
1982	177,348,000	30.05

\$ After allowing for all preferred stock at their stated values.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 919,818	\$ 803,412
Other income	10,415	2,623
Total Income	\$ 930,233	\$ 806,035
Cost of sales	703,576	612,637
Expenses	134,046	125,329
Interest expense	10,925	18,221
Income before taxes	\$ 81,686	\$ 49,848
Income taxes	39,260	20,610
Net Income	\$ 42,426	\$ 29,238

* Included in Costs and Expenses, Depreciation and Amortization: \$19,809,000 in 1986 and \$19,986,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 11,352	\$ 17,815
Accts. receiv., net	152,560	147,974
*Inventories	128,247	124,827
Prepaid expenses	9,415	4,124
Marketable securities	8,308	5,537
Current Assets	\$ 305,882	\$ 300,277
*Fixed assets	174,729	167,436
Other assets	102,346	86,938
Leased prop. under cap. leases	—	6,857
Other assets	4,988	—
Total Assets	\$ 587,945	\$ 561,508

The First Republic Corporation of America

Liabilities (000's)			
Notes payable	\$ 16,438	\$ 7,376	
Curr. maturities of long-term debt	4,881	13,912	
Accts. payable	48,387	38,643	
Accruals	48,142	51,781	
Income taxes	2,290	320	
Net liabilities - discount oper.	29	572	
Curr. Liabilities	\$ 120,167	\$ 112,604	
Long-term debt	92,279	168,068	
Deferred liabilities	26,733	23,264	
Deferred inc. taxes	56,000	39,100	
+ Common stock:			
Class A	459	—	
Class B	249	599	
Add. paid-in capital	73,002	3,959	
Retained earnings	230,553	226,761	
Less unearned compens. rel. to restricted stock plan	(1,736)	(2,940)	
Cumulative translation adjustment	(9,761)	(9,907)	
Total Liabilities & Shareholders' Equity	\$ 587,945	\$ 561,508	

* At lower of cost or market.
 † Less accumulated depreciation and amortization.
 ‡ \$0.10 par value.

Statistical Summary

%Income Bef. Taxes to Sales	8.88	6.20
%Net Income to Sales	4.61	3.64
%Net Income to Equity	14.49	13.38
Sales to Inventories	7.17	6.44
Debt to Equity	0.39	0.87
Working Capital	\$185,715,000	\$187,673,000
Current Ratio	2.55	2.67
Shareholders' Equity	\$292,766,000	\$218,472,000

The Firestone Tire & Rubber Company

1200 Firestone Parkway
 Akron, Ohio 44317
 (216) 379-7000

Officers: John J. Nevin, chairman of the board, pres. & chief exec. officer; Jay H. Rosen, vice chairman of the board; J. Robert Anderson, sr. v.p. & chief financial officer; George W. Aucott, exec. v.p.-mfg. operations; James H. Bolender, v.p. & controller; Laurence T. Burden, v.p.-management information services; Thomas M. Forman, v.p. & general counsel; Roy H. Gilbert, v.p.-strategic planning; Donald L. Groninger, v.p.-human resources; David L. King, John H. Musch, Michael A. Wolf, Benjamin G. Ammons, group exec. v.p.-mfg. operations; Lawrence J. Lombardo, Terry J. Renninger, James R. Thomas, v.p.-automotive service & tire marketing operations; Randall D. Luke, assoc. general counsel & secretary; John E. Rooney, treasurer; A. Mosby Harvey, Jr., T. Jane Robinson, David A. Thomas, Jerry C. Zeman, Dennis J. Broderick, asst. secretaries; Peter W. Chehayl, asst. treasurer; Donald B. Hutchins; Philip R. Morrison, Dallas E. Stiles, Scott H. McKean asst. controllers.

Directors: John J. Nevin*, chairman; Jay H. Rosen, Kimball C. Firestone*, William G. Phillips*, Paul A. Vatter*, J. Robert Anderson, Lois D. Rice, Raymond C. Tower, Thomas C. Page, George W. Aucott, Charles Marshall, John A. Meyers.

* Member of the Executive Committee.

Business Activities: Engaged in the development, production, and sale of tires for automobiles, trucks, trailers, buses, agricultural, construction, off-the-highway, and other vehicles in the original equipment and replacement markets. Tires are marketed through thousands of independent dealers and approximately 1,400 company-operated stores, and automotive maintenance and repair services are provided in its retail stores

and through participating independent dealers. The Company also produces and sells truck wheels and rims, molded rubber products, single-ply roofing systems, air springs, and synthetic and natural rubber and latex.

Synthetic Fiber & Textile Plant Locations: Hopewell, Va.; Gastonia, N.C.; Woodstock, Ontario, Canada.

Divisions and Subsidiaries:

Firestone Synthetic Fibers and Textiles Division
 Hopewell, Virginia
 Woodstock, Ontario, Canada
 Gastonia, North Carolina

Transfer Agent(s):

Manufacturers Hanover Trust Company
 Stock Transfer Department
 P.O. Box 24935
 Church Street Station
 New York, New York 10249

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: FIR

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1986	\$ 3,501,000	\$ 85,000
1985	3,602,000	3,000
1984	3,758,000	102,000
1983	3,516,000	111,000
1982	3,565,000	6,000

	No. of Com. Shares	Earn. per Share ‡
1986	39,052,000	\$ 2.16
1985	41,092,000	0.06
1984	43,392,273	2.21
1983	48,429,503	2.26
1982	51,904,018	0.11

+ Of continuing operations only.
 ‡ Including extraordinary tax credits of \$9,000,000 (\$0.20 per share) in 1985, \$13,000,000 (\$0.29 per share) in 1984, \$11,000,000 (\$0.23 per share) in 1983, and \$4,000,000 (\$0.07 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.60	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	\$ 1,167,000	\$ 29.87
1985	1,163,000	28.31
1984	1,236,000	28.50
1983	1,291,000	26.66
1982	1,303,000	25.10

Income Account * (000's)

Year ended Oct. 31	1986	1985
Net sales	\$ 3,501,000	\$ 3,602,000
Cost of sales	2,711,000	2,894,000
Expenses	664,000	666,000
Prov. for restructuring	89,000	105,000
For. curr. trans.	(1,000)	4,000
Interest expense	37,000	43,000
Interest income	(14,000)	(15,000)
Other income	(22,000)	(22,000)

Inc. (loss) bef. taxes	\$ 37,000	\$ (73,000)
Income taxes (credit)	34,000	(46,000)
Inc. (loss)-cont. oper.	\$ 3,000	\$ (27,000)
Inc.-discount oper.	16,000	21,000
Net Income (Loss)	\$ 19,000	\$ (6,000)

Extraordinary credit
 Cum. effect of change
 in pension accoutg.

Net Income &
 Extraord. Credit

* Included in Costs and Expenses, Depreciation: \$136,000,000 in 1986 and \$134,000,000 in 1985.

Assets (000's)			
As of Oct. 31	1986	1985	
Cash & short-term invest.	\$ 175,000	\$ 118,000	
Accts. receiv., net	582,000	603,000	
*Inventories	468,000	504,000	
Prepaid expenses	71,000	46,000	
Current Assets	\$ 1,296,000	\$ 1,271,000	
Investments	35,000	40,000	
#Fixed assets	1,119,000	1,110,000	
Other assets	143,000	104,000	
Total Assets	\$ 2,593,000	\$ 2,525,000	

Liabilities (000's)			
Loan payable	\$ 13,000	\$ 81,000	
Long-term debt, curr.	15,000	19,000	
Accts. payable	336,000	260,000	
Accrued comp.	202,000	209,000	
Taxes	106,000	100,000	
Other accruals	172,000	164,000	

Curr. Liabilities	\$ 844,000	\$ 833,000
Long-term debt	283,000	234,000
Pension & other liab.	155,000	250,000
Minority interest	27,000	44,000
Deferred inc. from sales & leaseback	66,000	1,000
Deferred inc. taxes	49,000	—
+ Common stock	63,000	63,000
Add. paid-in capital	180,000	184,000
Retained earnings	1,418,000	1,364,000
Foreign curr. trans.	(128,000)	(125,000)
Treasury stock	(366,000)	(323,000)

Total Liabilities & Shareholders' Equity \$ 2,593,000 \$ 2,525,000

* At lower of cost or market. Domestic inventories at LIFO; all others at FIFO or average cost.
 † Less accumulated depreciation.
 ‡ No par value.

Statistical Summary

%Net Income to Equity	1.63	—
Sales to Inventories	7.48	7.15
Debt to Equity	0.27	0.29
Working Capital	\$ 452,000,000	\$ 438,000,000
Current Ratio	1.54	1.53
Shareholders' Equity	\$1,167,000,000	\$1,163,000,000

The First Republic Corporation of America

302 Fifth Avenue
 New York, New York 10001
 (212) 279-6100

Officers: A.A. Rosen, chairman of the board; Norman A. Halper, president; Jonathan P. Rosen, Myron Mauer, v.p.'s; Leo Dittkoff, secretary & treasurer.

Directors: A.A. Rosen, chairman; Leo Dittkoff, Norman A. Halper, Jonathan P. Rosen, William M. Silverman, Irving Bobrow, Steven Weiman.

Business Activities: Manufacturer of worsted and acrylic yarns; engages in real estate and hotel operations; produces hard shell clams and oysters.

The First Republic Corporation of America

Textile Divisions & Subsidiaries:

Hanora Spinning, Inc.
Woonsocket, Rhode Isl.

Quality Yarns, Inc.
Winston-Salem, North Carolina

Whitlock Combing Co., Inc. (50% owned)
South Carolina

Transfer Agent(s):
Mellon Securities Trust Company
Fort Lee, New Jersey

Continental Stock Transfer Corporation
Jersey City, New Jersey

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Revenues +	Net Income
1986	\$ 32,694,033	\$ 2,092,546
1985	32,742,890	3,607,051
1984	36,480,000	1,201,111
1983	32,231,001	1,681,586
1982	32,674,148	2,024,782

No. of Com. Shares # Earn. per Share \$

1986	698,748	\$ 2.99
1985	700,441	5.15
1984	702,174	1.71
1983	731,340	2.30
1982	738,420	2.74

+ Of continuing operations only.

Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Textile	\$ 10,748,328	\$ 11,034,305
Seafood	2,541,699	2,095,266
Real estate	14,245,938	14,373,524
Hotel	4,680,088	4,934,736
Other	586,413	412,059
Eliminations	(108,433)	(107,000)
Total	\$ 32,694,033	\$ 32,742,890

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 26,439,572	\$ 37.84
1985	24,411,479	34.85
1984	20,835,278	29.67
1983	19,714,552	26.96
1982	18,670,751	25.28

Income Account

Year ended June 30	1986	1985
Net sales	\$ 32,694,033	\$ 32,742,890
Cost of sales	21,561,422	21,695,044
Expenses	2,861,900	2,843,175
Interest & debt service	1,026,361	844,417
Depreciation & amortization	2,671,521	2,501,037
Gain on hotel closing	—	(1,834,514)
Minority interest	(71,717)	57,680
Income before taxes	\$ 4,644,546	\$ 6,636,051
Income taxes	2,552,700	3,029,000
Net Income	\$ 2,092,546	\$ 3,607,051

Assets

As of June 30	1986	1985
Cash & cash equivalents	\$ 1,526,958	\$ 3,019,192
Accts. & rents receiv.	4,187,889	2,998,732
Notes & other receiv.	387,702	1,884,449
*Inventories	1,255,742	928,252
Prepaid expenses	1,167,796	717,032
Current assets	\$ 8,526,087	\$ 9,547,657

#Fixed assets	31,167,097	27,469,323
Other assets	6,899,970	6,208,634
Total Assets	\$ 46,593,154	\$ 43,225,614

Liabilities

Notes payable	\$ 300,000	\$ —
Long-term debt, curr.	2,044,866	477,655
Accts. payable	1,848,223	1,095,428
Accruals	1,372,356	1,233,844
Deferred income taxes	—	524,000
Other liabilities	192,330	286,113
Curr. Liabilities	\$ 5,757,775	\$ 3,617,040
Long-term debt	10,542,754	11,802,219
Minority interests	919,766	849,279
Deposits & loans payable	1,243,193	1,165,680
Deferred inc. taxes	1,174,048	854,289
Deferred income	516,046	525,628
+ Common stock	1,175,261	1,175,261
Add. paid-in capital	15,000,753	15,000,753
Retained earnings	13,397,623	11,305,079
Treasury stock	(3,134,067)	(3,069,614)

Total Liabilities & Shareholders' Equity	\$ 46,593,154	\$ 43,225,614
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	14.21	20.27
%Net Income in Sales	6.40	11.02
%Net Income to Equity	7.91	14.78
Sales to Inventories	26.04	35.27
Debt to Equity	0.49	0.50
Working Capital	\$ 2,768,312	\$ 5,930,617
Current Ratio	1.48	2.64
Shareholders' Equity	\$26,439,572	\$24,411,479

Fruit Of The Loom, Inc.

(Formerly Farley/Northwest Industries, Inc.)

233 South Wacker Drive
6300 Sears Tower
Chicago, Illinois 60606
(312) 876-1724

Officers: William F. Farley, chairman of the board, & chief exec. officer; John M. Albertine, vice chairman; William K. Hall, president & chief operating officer; Richard M. Cion, exec. v.p. & chief financial officer; Robert J. Meier, treasurer & controller; Kenneth Greenbaum, v.p. & general counsel; Earl C. Shanks, v.p.-taxes; Nancy A. Nagy, secretary.

Directors: William F. Farley, chairman; William K. Hall, Richard M. Cion, Leon D. Black, Douglas M. Kinney, John M. Albertine.

Business Activities: Engaged in the production and marketing of men's, women's and children's underwear, screen print T-shirts, and socks.

Textile Trademarks and/or Brand Names: Fruit of the Loom, B.V.D., Screen Stars, Camp, Russell National.

Textile Plant Location(s): Aliceville, Brundidge, Fayette, Jacksonville & Winfield, Ala.; Batesville, Miss.; Bowling Green, Jamestown, Campbellsville & Frankfort, Ky.; Lexington, S.C.; Kings Mountain, Albemarle & Franklinton, N.C.; Jeanerette & St. Martinville, La.

Acquisition(s):

Russell Hosiery Mills

Transfer Agent(s):

Manufacturers Hanover Trust Co.
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): American

Ticker Symbol: FTL

Sales and Earnings x

	Net Sales +	Net Income \$
12/31/86	\$ 692,900,000	\$ 12,100,000
12/31/85*	242,200,000	11,000,000
7/31/85†	331,900,000	(83,900,000)
12/31/84#	600,000,000	77,500,000
12/31/83#	545,200,000	(80,400,000)

No. of Com. Shares

	No. of Com. Shares	Earn. per Share
12/31/86	30,500,000	\$ —
12/31/85*	30,500,000	—

(Loss)

* 5 months.

† 7 months.

Predecessor company.

x On July 31, 1985, Northwest Industries, Inc., the predecessor of Fruit of the Loom, Inc. was merged into the Company, completing the acquisition of Northwest.

+ Of continuing operations only.

† Including extraordinary loss of \$9,300,000 in the seven months ended July 31, 1985.

Common Stock Equity

	Total Equity	Equity Per Share
12/31/86	\$ (5,100,000)	\$ —
12/31/85	17,300,000	—

(Deficiency)

Income Account*

	1986	1985
Year ended Dec. 31		(5 months)
Net sales	\$ 692,900	\$ 242,200
Cost of sales	425,400	144,000
Expenses	97,800	35,500
Interest expense	119,100	56,000
Goodwill amortization	23,000	9,000
Other income	(2,700)	(2,700)

Income bef. taxes	\$ 30,300	\$ 400
Income taxes	29,900	8,000
Inc. -cont. oper.	\$ 400	\$ (7,600)
Inc. -discont. oper.	11,700	18,600
Net Income	\$ 12,100	\$ 11,000

* Included in Costs and Expenses, Depreciation, and Amortization: \$43,000,000 in 1986 and \$16,800,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash & cash equiv.	\$ 57,900	\$ 48,900
Accts. receiv., net	72,300	51,900
Refundable taxes	—	7,000
*Inventories	136,000	96,100
Other curr. assets	7,300	5,200
Current Assets	\$ 273,500	\$ 209,100
#Fixed assets	192,300	154,400
Net assets - discount.	177,900	517,200
Goodwill	953,200	834,200
Other assets	12,000	12,200
Total Assets	\$ 1,608,900	\$ 1,727,100

Liabilities (000's)

Short-term notes payable	\$ 20,000	\$ —
Long-term debt, curr.	61,500	87,200
Accounts payable	21,100	14,100
Interest payable	39,500	46,900
Accrued payroll	14,900	10,700
Accrued insur. claims	7,100	17,800
Other accruals	43,900	36,100
Curr. Liabilities	\$ 208,000	\$ 212,800

GAF Corporation

Long term debt	787,000	1,026,900
Deferred inc. taxes	279,400	184,600
Other liabilities	102,800	64,700
Redeemable preferred stock	236,800	220,800
+ Common stock:		
Class A	10,030	10,030
Class B	9,970	9,970
Retained earnings (def.)	(28,100)	(4,100)
Curr. trans. adjust.	3,000	1,400
Total Liabilities & Shareholders' Equity	\$ 1,608,900	\$ 1,727,100

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 + \$0.01 par value.

Statistical Summary

%Net Income to Equity	—	63.58
Sales to Inventories	5.09	2.52
Working Capital	\$65,500,000	—
Current Ratio	1.31	—
Shareholders' Equity (Deficiency)	\$ (5,100,000)	\$17,300,000

Fuqua Industries, Inc.

4900 Georgia-Pacific Center
 Atlanta, Georgia 30303
 (404) 658-9000

Officers: J.B. Fuqua, chairman of the board & chief executive officer; Lawrence P. Klamon, president & chief operating officer; Dooley E. Culbertson, exec. v.p.; B.L. Goldberg, group v.p.-sporting goods; James M. Bahin, v.p.-finance; John F. Bartels, v.p.-controller; William D. Dodge, v.p.-insurance; James R. Foster, v.p. & treasurer; Mildred H. Hutcheson, v.p.-legal services; John C. McCune, v.p.-operations; Samuel W. Norwood, III, v.p.-corporate development; Hiram M. Nowlan, Jr., secretary; Colin W. Brown, v.p. & general counsel; C. William Samples, v.p.; Donald M. Culbertson, asst. controller; Paul N. Kiel, deputy gen. counsel; James M. Adamovitz, v.p.-taxes.

Directors: J.B. Fuqua*, chairman; Bernard H. Barnett, James T. Hite, III, Frank W. Hulse, Anthony A. Malizia, Carl E. Sanders*, Paul E. Yarbrough, Jr., L.P. Klamon*, D. Carl Hamill, W. Clay Hammer, John B. Zellars.

* Member of the Executive Committee.

Business Activities: The Company is involved in the distribution of athletic hosiery sold under a variety of licensed names including the names of teams in the NFL and Major League Baseball, as well as Keds, English Leather, Pro-Keds, Looney-Tunes, and Amateur Athletic Union (AAU), through its Willow Hosiery subsidiary. Both Nelson Recreation Products, Inc. and Weather-Rite, Inc. sell rainwear and footwear for camping and outdoor activity. Hutch Sporting Goods, Inc. manufactures equipment for major team sports activities, including youth uniforms of NFL and National Basketball Association teams. Other activities include the manufacture of lawn and garden equipment, recreation products, industrial products and photo-finishes.

Trademarks and/or Brand Names: AAU, English Leather, Keds, Looney Tunes, Pro-Keds.

Textile/Apparel Subsidiaries:

Willow Hosiery Company, Inc.
 350 Fifth Avenue, Suite 314
 New York, New York 10118
 (212) 594-0020
 Athletic hosiery.

Divisions and Subsidiaries:

Nelson Recreation Products, Inc.
 14760 Santa Fe Trail Drive
 Lenexa, Kansas 66215
 (913) 492-3200
 Camping, rainwear and other sporting equipment.

Weather-Rite, Inc.
 125 Enterprise Avenue
 Secaucus, New Jersey 07094
 (201) 348-0400
 Camping, rainwear and other sports equipment.

Hutch Sporting Goods, Inc.
 1924-1928 West Eight Street
 Cincinnati, Ohio 45204
 (513) 251-4510

Transfer Agent(s):

Chase Manhattan Bank, N.A.
 New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: FQA

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1986	\$ 701,194	\$ 39,575
1985	636,178	33,220
1984	571,612	37,494
1983	468,000	41,692
1982	395,000	19,589

	No. of Com. Shares †	Earn. per Share ‡
1986	21,301,000	\$ 1.86
1985	20,759,000	1.61
1984	20,018,000	1.88
1983	20,000,000	2.13
1982	16,000,000	1.23

+ Includes other revenues; of continuing operations only.
 † Including extraordinary gains of \$219,000 (\$0.01 per share) in 1985, \$320,000 (\$0.02 per share) in 1984, \$945,000 (\$0.05 per share) in 1983, and \$2,970,000 (\$0.19 per share) in 1982.
 ‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business (000's)

	1986	1985
Lawn & garden	\$ 266,700	\$ 245,300
Photofinishing	265,000	215,000
Sporting goods	169,500	175,900
Total	\$ 701,200	\$ 636,200

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.22	—	2-for-1
1985	0.20	—	—
1984	0.19	—	—
1983	0.18	—	2-for-1
1982	0.15	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1986	\$ 246,434	\$ 11.57
1985	205,198	9.88
1984	164,589‡	8.22
1983	130,257‡	6.51
1982	67,663‡	4.23

‡ After allowing for Series B preferred stock at involuntary liquidation value.

† Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account* (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 701,194	\$ 636,178
Eq. in inc. of Georgia Fed.	29,503	—
Total income	\$ 730,697	\$ 636,178

Cost of sales	469,092	427,645
Expenses	159,431	134,293
Interest expense	29,544	24,564
Other income	(5,894)	(9,933)

Income before taxes	\$ 78,524	\$ 59,609
Income taxes	31,651	27,684

Inc. - cont. oper.	\$ 46,873	\$ 31,925
Inc. (loss) - discont. oper.	(7,298)	1,076

Net Income	\$ 39,575	\$ 33,001
Extraord. gain	—	219

Net Income & extraord. gain	\$ 39,575	\$ 33,220
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* Included in Costs and Expenses, Depreciation and Amortization: \$21,001,000 in 1986 and \$17,108,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 20,889	\$ 14,400
Receivables	175,310	183,840
*Inventories	103,224	130,046
Prepaid expenses	6,355	7,903
Fut. inc. tax benefit	14,624	926

Current Assets	\$ 320,402	\$ 337,115
Invest. in Georgia Fed.	234,975	—
Notes receiv.	9,743	13,767
Investments	7,045	25,660
*Fixed assets	107,961	133,814
Intangibles	39,131	43,814

Total Assets	\$ 719,257	\$ 554,170
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Liabilities (000's)

Notes payable	\$ 19,000	\$ 31,981
Long-term debt & cap. lease oblig., curr.	25,524	22,337
Accts. payable & accruals	132,104	104,785
Income taxes	12,536	1,895

Current Liabilities	\$ 189,164	\$ 160,998
Long-term debt & cap. lease oblig.	107,453	59,957
Subord. debt	159,329	112,006
Deferred inc. taxes	16,877	16,011
+ Common Stock	21,407	10,547
Add. paid-in capital	25,427	20,913
Retained earnings	206,223	181,726
Treasury stock	(6,623)	(7,988)

Total Liabilities & Shareholders' Equity	\$ 719,257	\$ 554,170
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* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 + \$1 par value.

Statistical Summary

%Net Income to Equity	16.06	16.08
Debt to Equity	0.54	0.40
Working Capital	\$131,238,000	\$176,117,000
Current Ratio	1.69	2.09
Shareholders' Equity	\$246,434,000	\$205,198,000

GAF Corporation

1361 Alps Road
 Wayne, New Jersey 07470
 (201) 628-3000

Officers: Samuel J. Heyman, chairman of the board & chief exec. officer; James T. Sherwin, vice-chairman & chief administrative officer; Irving Kagan, sr. v.p., general counsel & secretary; Heinz F. Tomfohrde, III, John A. Brennan, Carl R.

GAF Corporation

Eckardt, exec. vice president; Raymond J. Lacroix, sr. v.p. & chief financial officer; James J. Strupp, v.p.-human resources; Matthew L. Gooby, v.p.-management information systems; Frank E. Sheeder, Jr., v.p.-international; Bernard L. Kapell, v.p.-taxation; Joel A. Asen, sr. v.p.-treasury & business development.

Directors: Samuel J. Heyman, chairman; Daniel T. Carroll, Carl R. Eckardt, Jacob E. Goldman, Sanford Kaplan, William P. Lyons, Scott A. Rogers, Edward E. Shea, James T. Sherwin, William Spier, Joseph D. Tydings.

Business Activities: Chemical: acetylene-based chemicals used to make plastics, synthetic fibers, cosmetics, etc.; specialty chemicals, including surfactants, textile auxiliary chemicals, organometallics and ultraviolet absorbers; agricultural chemicals; mineral products and fillers. Building Materials: roofing materials; insulation.

Plant Locations: Huntsville, Mobile, Alabama; Fontana, California; Tampa, Florida; Savannah, Georgia; Mount Vernon, Indiana; Calvert City, Kentucky; Baltimore, Maryland; Millis, Massachusetts; Minneapolis, Minnesota; Annapolis, Missouri; Linden, Bound Brook, New Jersey; Blue Ridge, Erie, Summit, Pennsylvania; Chester, Spartanburg, South Carolina; Nashville, Tennessee; Dallas, Seadrift, Texas City, Texas; Pombine, Wisconsin.

Trademarks and/or Brand Names: 2-Pyrol, V-Pyrol, Gantrez, Pregel, Solidogen, Gafglas.

Domestic Subsidiaries:

GAF Broadcasting Co., Inc. (New York)
GAF Export Co. (New York, New York; Carolina, Puerto Rico)
GAF Hawaii Inc. (Hawaii)
GAF International Corp. (New York, New York)
GAF Realty Corp. (Delaware)
General Aniline & Film Corp. (Delaware)

Foreign Subsidiaries:

GAF (Belgium) N.V. (Belgium)
GAF (Deutschland) G.m.b.H. (F.R. Germ.)
GAF (France) S.A. (France)
GAF (Norger) A/S (Norway)
GAF (Svenska) A.B. (Sweden)
Sawyer's (Nederland) N.V. (Netherlands)
Sawyer's Photographic Products (U.K.) Ltd. (U.K.)
GAF (Canada) Ltd. (Canada)
GAF Corporation de Mexico, S.A. de C.V. (Mexico)
GAF (Denmark) A/S (Denmark)
GAF do Brazil Industria e Comercio Ltda. (Brazil)
GAF (Great Britain) Ltd. (U.K.)
Vega-Repro Ltd. (U.K.)
GAF Insurance Ltd. (Bermuda)
GAF (Israel) Ltd. (Israel)
GAF (Italia) S.r.l. (Italy)
GAF Japan Ltd. (Japan)
Sawyer's Japan Ltd. (Japan)
Harding and Halden Pty. Ltd. N.S.W. (Australia)
GAF (Osterreich) G.m.b.H. (Austria)
GAF (Singapore) Private Ltd. (Singapore)
GAF (South Africa) (Pty.) Ltd. (South Africa)
GAF (Suomi) Oy (Finland)
GAF (Switzerland) A.G. (Switzerland)
GAF (New Zealand)
GAF (Spain)

Affiliates:

GAF/Huls Chemie G.m.b.H. (50% owned)
Marl, West Germany

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: GAF

Sales and Earnings

	Net Sales + (000's)	Net Income † (000's)
1986	\$ 753,800	\$ 293,161
1985	732,000	77,581
1984	731,300	56,702
1983	699,400	(3,841)
1982	623,200	56,229

	No. of Com. Shares #	Earn. per Share †
1986	36,283,000	\$ 8.08
1985	34,342,000	2.25
1984	29,020,000	1.85
1983	28,884,000	—
1982	28,676,000	1.86

(Loss)

+ Of continuing operations only.

† Including extraordinary gains of \$212,475,000 (\$5.86 per share) in 1986, \$23,285,000 (\$0.68 per share) in 1985, \$15,656,000 (\$0.54 per share) in 1984, \$25,358,000 (\$0.88 per share) in 1983 and \$38,744,000 (\$1.35 per share) in 1982.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenue By Line of Business (000's)

	1986	1985
Chemical	\$ 377,500	\$ 364,400
Building materials	372,100	363,900
Broadcasting	4,200	3,700
Total	\$ 753,800	\$ 732,000

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	\$0.10	—	2-for-1
1985	0.10	—	—
1984	0.05	—	—
1983	0.025	—	—
1982	0.25	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per share +
1986	\$601,498,000#	\$ 16.58
1985	298,153,000#	8.68
1984	147,017,000#	5.07
1983	101,797,000#	3.52
1982	113,764,000#	3.97

After allowing for preferred stock at aggregate liquidation value.

+ Adjusted to reflect stock split.

Income Account *

	1986	1985
Year ended Dec. 31		
Net sales	\$ 753,774	\$ 731,962
Cost of sales	496,184	513,813
Expenses	143,943	130,206
Other income	(47,266)	(19,330)
Interest expense	35,437	19,779
Income before taxes	\$ 125,476	\$ 87,474
Income taxes	44,790	33,178
Net income	\$ 80,686	\$ 54,296
Extraordinary credit	212,475	23,285
Net income & extraord. credit	\$ 293,161	\$ 77,581

* Included in Costs and Expenses, Depreciation: \$17,982,000 in 1986 and \$17,366,000 in 1985.

Assets (000's)

	1986	1985
As of Dec. 31		
Cash	\$ 44,623	\$ 7,862
Short-term invest.	407,840	209,298
Accts. receiv. net	112,681	109,580
*Inventories	86,190	94,007
Other current assets	7,787	7,966
Current Assets	\$ 659,121	\$ 428,713

Marketable securities	412,365	202,229
#Fixed assets	208,396	194,086
Other assets	67,187	54,146
Total Assets	\$ 1,347,069	\$ 879,174

Liabilities (000's)

Notes payable	\$ 2,757	\$ 115,380
Long-term debt, curr.	335	10,132
Accts. payable	78,764	57,411
Accruals	79,289	58,924
Income taxes	5,805	9,785
Curr. Liabilities	\$ 166,950	\$ 251,632
Long-term debt	480,114	248,853
Other liabilities	98,507	80,536
+ Common stock	36,008	35,756
Add. paid-in capital	44,736	42,958
Retained earnings	519,207	229,586
Translation adj.	3,128	(6,135)
Treasury stock	(2,381)	(4,012)
Total Liabilities & Shareholders' Equity	\$ 1,347,069	\$ 879,174

* At lower of cost (principally average) or market.

Less accumulated depreciation.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	16.65	11.95
%Net Income to Sales	10.70	7.42
%Net Income to Equity	13.41	18.21
Sales to Inventories	8.75	7.79
Debt to Equity	0.80	1.26
Working Capital	\$492,171,000	\$177,081,000
Current Ratio	3.95	1.70
Shareholders' Equity	\$601,498,000	\$298,153,000

Galaxy Carpet Mills, Inc.

850 Arthur Avenue
Elk Grove Village, Illinois 60007
(312) 593-0555

Officers: Irwin M. Harvey, chairman of the board & chief exec. officer; Alvin B. Bush, president & chief operating officer; Charles A. Bramlett, exec. vice president & dir.-mfg.; Bobby T. Mosteller, sr. v.p.-mfg. planning & operations; Jack C. Chadwick, v.p.-carpet mfg.; Robert A. Izard, sr. v.p.-international sales; Larry D. Reed, sr. v.p.-finance & administration; Philip Steinway, v.p.-sales; Myron H. Lurie, v.p.-distribution; Louis Rostan, asst. secretary; Dave Russell, v.p.-mngt. info. services; Ralph Williams, v.p. & dir.-marketing; development; Dewey French, sr. v.p. & dir.-marketing; Bernard F. Whittlinger, v.p.-Nautilus Division; Jack Flammini, v.p.-credit; Robert A. Lang, sr. secretary-treasurer; Donald J. Savon, v.p.-Eastern Division; Alan W. Morse, v.p.-product styling & design; Fred Ellman, v.p.-advertising & promotion; Mike Fuller, v.p.-personnel & industrial relations; Robert E. Denard, Jr., v.p.-Southern Division.

Directors: Charles A. Bramlett, Alvin B. Bush, Irwin M. Harvey, Robert A. Izard, Mandall Kaplan, Bobby T. Mosteller, George K. Hendrick, Jr., Donald P. Jacobs.

Business Activities: Manufactures tufted carpet which is marketed to retailers and wholesale distributors for residential and commercial applications.

Trademarks and/or Brand Names: Future Step, Uni-set, Quickship, Mark-less Beauty, Seam-Less Saxonies, Spot-Less Collection, Creative Classics, The Naturals.

Plant Location(s): Ft. Oglethorpe, Chatsworth & Dalton, Ga; South Pittsburg, Tennessee.

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): American

Garan, Incorporated

Ticker Symbol: GXY

Sales and Earnings		
	Net Sales	Net Income
1986*	\$ 204,007,000	\$ 1,200,000
1985	193,311,000	3,741,000
1984	222,618,000	7,016,000
1983	200,121,000	7,778,000
1982	151,822,000	3,649,000
	No. of Com. Shares †	Earn. per Share †
1986*	3,371,000	\$ 0.36
1985	3,371,000	1.11
1984	3,371,000	2.08
1983	3,252,000	2.39
1982	3,021,000	1.21

* 53 weeks.

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock		
	Cash Dividend ‡	Stock Dividend
1986	—	—
1985	—	—
1984	—	—
1983	—	5-for-4

‡ Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 55,018,000	\$ 16.32
1985	53,818,000	15.96
1984	50,077,000	14.86
1983	43,061,000	12.77
1982	29,671,000	9.82

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *		
Year ended	10/4/86	9/28/85
Net sales	\$ 204,007,118	\$ 193,311,439
Cost of sales	159,382,688	148,984,921
Expenses	38,177,006	35,267,829
Interest expense	4,320,699	4,684,110
Other expense	250,934	39,167
Income before taxes	\$ 1,875,791	\$ 6,335,412
Income taxes	675,692	2,593,856
Net Income	\$ 1,200,099	\$ 3,741,556

* Included in Costs and Expenses, Depreciation: \$4,477,894 in 1986 and \$4,058,550 in 1985.

Assets		
As of	10/4/86	9/28/85
Cash	\$ 1,304,314	\$ 1,778,418
Accts. receiv., net	38,370,933	32,109,648
*Inventories	46,174,569	42,823,908
Prepaid expenses	6,558,269	8,317,020
Current Assets	\$ 92,408,085	\$ 85,028,994
*Fixed assets	40,208,926	36,356,475
Defer. charges & other assets	688,169	625,021
Total Assets	\$ 133,305,180	\$ 122,010,490
Liabilities		
Notes payable	\$ 8,000,000	\$ 8,000,000
Long-term debt, curr.	2,626,401	1,621,006
Accts. payable	23,442,647	12,371,274
Accruals	6,029,340	7,147,235
Income taxes	457,198	311,830
Curr. Liabilities	\$ 40,555,586	\$ 29,451,345

Long-term debt	31,646,281	33,895,130
Deferred inc. taxes	6,085,070	4,845,871
+ Common stock	337,070	337,070
Add. paid-in capital	9,174,182	9,174,182
Retained earnings	45,506,991	44,306,892

Total Liabilities & Shareholders' Equity	\$ 133,305,180	\$ 122,010,490
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* At lower of cost (LIFO) or market.

‡ Less accumulated depreciation.

+ \$0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	0.92	3.24
%Net Income to Sales	0.59	1.92
%Net Income to Equity	2.18	6.95
Sales to Inventories	4.42	4.56
Debt to Equity	0.62	0.25
Working Capital	\$51,852,499	\$55,577,649
Current Ratio	2.28	2.89
Shareholders' Equity	\$55,018,243	\$53,818,144

Garan, Incorporated

350 Fifth Avenue
New York, New York 10118
(212) 563-2000

Officers: Seymour Lichtenstein, chairman of the board; Jerald Kaniel, president; William J. Wilson, v.p.-finance & administration; Perry Mullen, v.p.-mfg.; Marvin S. Robinson, v.p., general counsel & secretary; David Jones, sr. v.p.-corp. sales; Philip Dunsker, group v.p.-private label; Marita Lichtenstein, v.p.-design; Rodney Favor, v.p.-children's manufacturing; Melvin Dulaney, v.p.-adult manufacturing; R.H. Born, dir.-marketing; Alexander J. Sistarek, corp. controller.

Directors: Seymour Lichtenstein, chairman; Perry Mullen, Jerald Kaniel, William J. Wilson, Marvin Robinson, Rodney Favor, Myron Graham.

Business Activities: Produces and markets knitted and woven sport shirts for men and boys; slacks and jeans; girls' and juniors' knitted tops and jeans; and infants' and toddlers' tops and bottoms.

Trademarks and/or Brand Names: Garan, Garanimals, Garan Mountain Lion, Garan Man, Garan by Marita, Bob Roy, bibo, Jell-o, National Football League, Major League Baseball, Bobbie Brooks, Garan Advantage.

Plant Location(s): Ozark, Ark.; Clinton, Ky.; Jonesville, Kaplan, Marksville, Many, Olla, Stinesport, Church Point, Kinder, Port Barre, La.; Carthage, Corinth, Europa, Kosciusko, Lambert, Philadelphia, Starkville, Miss.; Adamsville, Tenn.; Rainsville, Ala.

Transfer Agent(s): Morgan Guaranty Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: GAN

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 105,386,000	\$ 2,865,000
1985	138,161,000	5,561,000
1984	176,907,000	11,916,000
1983	160,724,000	10,851,000
1982	150,025,000	8,175,000
	No. of Com. Shares †	Earn. per Share †
1986	2,977,500	\$ 0.96
1985	3,243,300	1.71
1984	3,283,100	3.63
1983	3,272,520	3.32
1982	3,255,480	2.51

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock		
	Cash Dividend ‡	Stock Dividend
1986	\$0.75	—
1985	1.20	—
1984	1.20	—
1983	1.00	20%
1982	1.00	—

‡ Adjusted to reflect stock dividend.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 66,498,000	\$ 22.33
1985	65,841,000	20.30
1984	72,836,000	22.19
1983	64,846,000	19.82
1982	57,077,000	17.53

‡ Adjusted to reflect stock dividend.

Income Account *		
Year ended	9/30/86	9/30/85
Net sales	\$ 105,386,000	\$ 138,161,000
Cost of sales	85,896,000	108,410,000
Expenses	16,314,000	21,824,000
Int. on cap. leases	621,000	563,000
Interest income	(2,803,000)	(3,241,000)
Income before taxes	\$ 5,358,000	\$ 10,605,000
Income taxes	2,493,000	5,044,000
Net Income	\$ 2,865,000	\$ 5,561,000

* Included in Costs and Expenses, Depreciation and Amortization: \$3,039,000 in 1986 and \$3,136,000 in 1985.

Assets		
As of	9/30/86	9/30/85
Cash	\$ 658,000	\$ 742,000
Short-term investments	41,039,000	39,456,000
Accts. receiv., net	18,793,000	21,401,000
*Inventories	15,579,000	12,411,000
Other current assets	1,224,000	2,335,000
Current Assets	\$ 77,293,000	\$ 76,343,000
*Fixed assets	16,241,000	17,287,000
Other assets	1,799,000	1,006,000
Total Assets	\$ 95,333,000	\$ 94,636,000

Liabilities		
Long-term debt, curr.	\$ 507,000	\$ 597,000
Accts. payable	8,121,000	6,583,000
Accruals	8,777,000	10,667,000
Income taxes	1,487,000	549,000
Curr. Liabilities	\$ 18,892,000	\$ 18,396,000
Cap. lease oblig.	8,842,000	9,347,000
Deferred inc. taxes	1,101,000	1,052,000
+ Common stock	2,974,000	2,972,000
Add. paid-in capital	17,307,000	17,287,000
Retained earnings	46,217,000	45,582,000

Total Liabilities & Shareholders' Equity	\$ 95,333,000	\$ 94,636,000
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* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	5.08	7.68
%Net Income to Sales	2.72	4.03
%Net Income to Equity	4.31	8.45
Sales to Inventories	6.76	11.13
Debt to Equity	0.13	0.01
Working Capital	\$58,401,000	\$57,947,000
Current Ratio	4.09	4.15
Shareholders' Equity	\$66,498,000	\$65,841,000

Genesco Inc.

Genesco Inc.

Genesco Park
Nashville, Tennessee 37202
(615) 367-7000

Officers: William S. Wire, II, chairman, president & chief executive officer; Larry B. Shelton, exec. v.p., president & chief exec. officer-The Greif Companies; Thomas B. Clark, v.p. & general counsel; Don R. Martin, v.p.-human resources; William C. O'Connor, secretary; James S. Gulmi, v.p.-finance & treasurer; Richard L. Daniels, v.p. & pres.-Performance Polymers International; William Dragon, Jr., exec. v.p. & pres.-U.S. Footwear Group.

Directors: William S. Wire, II*, chairman; Sidney Davidson*, John Diebold*, Harry D. Garber*, Edward E. Watson*, Toby S. Wit*, Richard A. Voell*, William Dragon, Jr., J. Owen Howell, Jr.*, Larry B. Shelton.

* Member of the Executive Committee.

Business Activities: Genesco's business falls into three major areas: footwear, men's apparel manufacturing, and retail stores. Operates 698 shoe stores and leased departments throughout the U.S. and Canada.

Plant Location(s): Camden, Holtonwald, Pulaski, Waynesford, and Nashville, Tennessee; Danville, Kentucky; Fulton, Loka, and Ripley, Mississippi.

Trademarks and/or Brand Names: Kilgour French & Stanbury, Lanvin of Paris, Lanvin Studio, Colours by Alexander Julian, Greif, Donald Brooks, Chaps by Ralph Lauren, Phoenix, Polo University Club by Ralph Lauren, Perry Ellis (Tailored Clothing); Johnston & Murphy, Jarman, Wrangler Boots, Laredo, Mitre, Cedar Crest (Men's Shoes); Charm Step, Easy Street J&M for women (Women's Shoes); Christian Dior, Setton, D'Orsay.

Divisions and Subsidiaries:
Manufacturing and Wholesale:

Laredo/Cedar Crest Boots
Genesco Park
Nashville, Tennessee 37202
(615) 367-7138
Laredo western boots for men, women and children.
Cedar Crest work, safety and sport shoes.

Charm Step Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-7113
Women's popular priced shoes.

Dominion Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-8135
Shoes for private label volume trade.

Mitre Sports
Genesco Park
Nashville, Tennessee 37202
(615) 367-7475
Athletic shoes.

Southern Soles
940 Trinity Lane
Nashville, Tennessee 37202
(615) 367-8473
Cut soles, insoles, findings and unit shoes.

Johnson & Murphy Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-8101
J & M Frank Bros. shoes for men; Johnson & Murphy men's shoes; operates 90 retail shoe stores and 40 leased departments.

Greif Companies
939 Maroon Boulevard
P.O. Box 9000
Allentown, Pennsylvania 18001
(215) 266-2200
Men's and women's clothes.

Valmart Distributing
Genesco Park
Nashville, Tennessee 37202
(615) 367-8220
Wholesale factory-damaged shoes.

Nashville Boot Division
Nashville, Tennessee
Western-style boots

Volunteer Leather
Genesco Park
Nashville, Tennessee 37202
(615) 367-8261
Side leather tanning, finishing and distribution.

Wrangler
Genesco Park
Nashville, Tennessee 37202
(615) 367-7343
Wrangler casual shoes for men and women and selected styles of Mitre athletic shoes.

Genesco Retail:

Foot Scene
Genesco Park
Nashville, Tennessee 37202
(615) 367-7513
Popular priced family shoe stores.

Genesco Factory To You Shoes
Genesco Park
Nashville, Tennessee 37202
(615) 367-7363
Family footwear and accessories at factory prices.

Jarman/Flagg
Genesco Park
Nashville, Tennessee 37202
(615) 367-7222
Shoe stores featuring footwear particularly designed for young men.

Hardy Shoe Stores
Genesco Park
Nashville, Tennessee 37202
(615) 367-7444
Popular priced men's shoe stores.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
(common & preferred stock)
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest

Ticker Symbol: GCO

Sales and Earnings

	Net Sales † (000's)	Net Income ‡ (000's)
1987	\$ 514,589	\$ 20,426
1986	538,486	(33,924)
1985*	297,372	4,548
1984	606,264	18,745
1983	639,761	(1,971)

* 6 months.

(Loss)

† Of continuing operations only.

‡ Including extraordinary gains of \$3,199,000 (\$0.34 per share) in 1987, \$271,000 (\$0.01 per share) in 1985, \$3,395,000 (\$0.22 per share) in 1984 and \$1,001,000 (\$0.07 per share) in 1983.

§ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1987	1986
Footwear:		
Shoes & accessories	\$ 187,381	\$ 180,574
Raw materials	114,258	120,020
Total Footwear	\$ 301,639	\$ 300,594

Tailed clothing	93,336	94,819
Divested Operations	119,614	143,073
Total	\$ 514,589	\$ 538,486

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 46,185,000	\$ 3.04
1986	19,701,000	1.30
1985	58,364,000	3.87
1984	55,141,000	3.67
1983	33,266,000	2.31

Income Account * (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 514,589	\$ 538,486
Cost of sales	325,545	351,073
Expenses	178,051	186,271
Prov. for restructuring	—	20,426
Interest expense	11,779	12,551
Other expense (income)	3,110	(2,001)
Gains on sales of divested oper.	(19,116)	—
Inc. (loss) bef. taxes	\$ 15,220	\$ (29,834)
Income taxes	9,626	5,976
Inc. -cont. oper.	\$ 5,594	\$ (35,810)
Inc. (loss)-discont. oper.	9,633	1,881
Net Income (Loss)	\$ 15,227	\$ (33,929)
Extraord. gain	5,199	—
Net Income (Loss) & extraord. gain	\$ 20,426	\$ (33,929)

* Included in Costs and Expenses, Depreciation and Amortization: \$10,101,000 in 1987 and \$10,587,000 in 1986.

Assets (000's)

As of Jan. 31	1987	1986
Cash	\$ 8,566	\$ 10,332
Marketable securities	25,100	12,791
Contract receiv.	83,149	—
Receiv. net	46,657	50,251
*Inventories	94,497	97,718
Prepaid expenses	3,224	2,747
Assets of discont. oper.	—	35,252
Curr. Assets	\$ 241,193	\$ 209,091
Other assets	6,487	6,149
Fixed assets	42,379	54,860
Assets of discont. oper.	—	14,664
Total Assets	\$ 290,059	\$ 284,764

Liabilities (000's)

Long-term debt, curr.	\$ 14,744	\$ 8,484
Capitalized lease oblig., curr.	1,530	3,027
Accts. payable & accruals	39,526	49,707
Prov. for oper. divested	12,224	7,212
Curr. Liabilities	\$ 68,024	\$ 68,430
Long-term debt	79,267	94,773
Capitalized lease oblig.	12,925	19,384
Prov. for oper. divested	14,986	14,591
Other liabilities	4,238	4,929
Redeem. pref. stock	34,966	33,585
Preferred stock	29,468	29,371
+ Common stock	15,662	15,587
Add. paid-in capital	67,125	68,506
Accumulated deficit	(18,235)	(38,661)
Treasury stock	(17,857)	(17,857)
Emp. stock purch. accts.	(510)	(516)
For. curr. trans. adjust.	—	(7,358)
Total Liabilities & Shareholders' Equity	\$ 290,059	\$ 284,764

* At lower of cost (FIFO) or market.
 † Less accumulated depreciation.
 + \$1 per value.

Statistical Summary		
%Net Income to Equity	20.13	—
Sales to Inventories	5.45	5.51
Debt to Equity	1.43	2.56
Working Capital	\$173,169,000	\$140,661,000
Current Ratio	3.55	3.06
Shareholders' Equity	\$ 75,653,000	\$ 49,072,000

Georgia Bonded Fibers, Inc.

15 Nutman Street
 Newark, New Jersey 07103
 (201) 642-3547

Officers: Hugo N. Surmonte, chairman of the board & treasurer; James C. Kostelni, president; Harry J. Hermann, Jr., v.p.-international operations; Angelina Montebello, secretary; Malcolm Christian, asst. secretary; A. David Drayer, controller.

Directors: Hugo N. Surmonte, chairman; James C. Kostelni, Harry J. Hermann, Jr., Angelina Montebello, Richard C. Campbell, William J. Binne, Malcolm M. Christian, Joseph F. Raffetto, Robert J. Weeks, Thomas B. Hogan.

Business Activities: Manufactures elastomeric fiber materials used in the manufacture of shoes, luggage, handbags, belts (backing), hats (brims and visors); and in allied industries as a covering, lining or base construction for a variety of consumer and industrial products and as an asbestos substitute for floor underlay.

Trademark(s): Bontex, Sir-Pel, Bon-Foam 400, Sure-Foam II, Morimer, Bon-Pel, Kortex.

Plant Location(s): Buena Vista, Va.; Stembert, Belgium.

Subsidiaries:

Bontex, Inc. (PSC)
 Virgin Islands

Bontex, S.A.
 Rue Star
 4801 Stembert, Belgium

Bontex Italia S.R.L.
 Sommacampagna
 Verona, Italy

Transfer Agent(s):
 Registrar & Transfer Company
 Cranford, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GBFH (NASDAQ)

	Sales and Earnings	
	Net Sales	Net Income †
1986	\$ 30,353,144	\$ 1,475,991
1985	25,849,052	238,178
1984	30,374,933	1,720,748
1983	27,684,801	1,306,750
1982	30,180,455	1,811,115
	No. of Com. Shares +	Earn. per Share †‡
1986	1,429,958	\$ 1.03
1985	1,429,958	0.17
1984	1,429,958	1.20
1983	1,429,958	0.91
1982	1,429,958	1.27

† Including extraordinary gains of \$353,544 (\$0.25 per share) in 1986, \$459,229 (\$0.32 per share) in 1982 and extraordinary loss of \$118,961 (\$0.08 per share) in 1985.

+ Adjusted to reflect stock dividend and stock split.

‡ Based on the average number of shares outstanding during the period adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	10%	—
1984	—	—	—
1983	—	—	—
1982	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 8,099,672	\$ 5.66
1985	6,025,580	4.21
1984	6,075,974	4.25
1983	4,928,251	3.45
1982	3,621,501	2.53

+ Adjusted to reflect stock dividend and stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 30,353,144	\$ 25,849,052
Cost of sales	21,565,840	19,612,314
Expenses	6,715,274	5,119,002
Interest expense	414,977	382,284
Other income	(189,206)	(167,023)
For. curr. exch. adj.	(153,743)	82,969
Income before taxes	\$ 2,000,002	\$ 819,506
Income taxes	877,555	411,560
Net Income	\$ 1,122,447	\$ 407,946
Extraord. item	353,544	(118,961)
Cum. effect of acctg. change	—	(50,807)
Net Income & extraord. item	\$ 1,475,991	\$ 238,178

* Included in Costs and Expenses, Depreciation and Amortization: \$529,624 in 1986 and \$434,672 in 1985.

Assets

As of June 30	1986	1985
Cash	\$ 3,630,900	\$ 1,782,812
Accts. receiv., net	7,321,141	5,379,986
Other receiv.	118,192	86,942
*Inventories	3,341,603	3,163,345
Prepaid expenses	349,052	45,159
Current Assets	\$ 14,760,888	\$ 10,458,244
†Fixed assets	3,552,904	2,730,358
Defer. charges & other assets	208,448	172,041
Total Assets	\$ 18,522,240	\$ 13,360,643

Liabilities

Notes payable	\$ 3,358,408	\$ 1,217,573
Long-term debt, curr.	444,219	344,491
Deferred income taxes	399,464	409,986
Accts. payable	3,568,045	3,330,619
Accruals	1,093,510	890,246
Dividends payable	—	84,998
Income taxes	108,062	173,822
Current Liabilities	\$ 8,971,708	\$ 6,431,735
Long-term debt	758,300	601,232
Deferred inc. taxes	691,500	302,096
+ Common stock	142,500	142,996
Add. paid-in capital	957,689	957,689
Retained earnings	7,132,488	5,656,497
For. curr. trans. adjust.	(133,501)	(731,602)
Total Liabilities & Shareholders' Equity	\$ 18,522,240	\$ 13,360,643

* At lower of cost (LIFO) or market; inventories of Bontex, S.A. are valued at lower of cost (FIFO) or market.
 † Less accumulated depreciation.
 + \$0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	6.59	3.17
%Net Income to Sales	3.70	1.58
%Net Income to Equity	13.86	6.77
Sales to Inventories	9.08	8.17
Debt to Equity	0.09	0.36
Working Capital	\$5,789,180	\$4,026,509
Current Ratio	1.63	1.63
Shareholders' Equity	\$8,099,672	\$6,025,580

W.R. Grace & Co.

Grace Plaza
 1114 Avenue of the Americas
 New York, New York 10036
 (212) 819-5500

Officers: J. Peter Grace, chairman of the board & chief executive officer; Charles H. Erhart, Jr., chairman of the executive committee; J.P. Bolduc, Terrence D. Daniels, Paul D. Paganucci, vice chairmen; Gerald G. Garbacz, Donald E. Grimm, Robert W. Samuels, John F. Spellman, executive vice presidents; Albert A. Eustis, exec. v.p., general counsel & secretary; J. Murfey Butler, Christian F. Horn, Antonio Navarro, George J. Winchell, E. Harold Culp, Kenneth G. Gilkey, Robert E. Herlihy, Donald Kohnken, Pedro F. Mata, Brian J. Smith, Carl W. Lorentzen, sr. v.p.'s; Francis J. Brennan, sr. v.p. & treasurer; Peter Boer, sr. v.p. & chief technical officer; Samuel J. Cerny, Charles H. Ehlers, James R. Gregath, Adley W. Hemphill, John Hirsch, Fred E. Bennett, William B. Sturgis, Daniel P. Tucci, Laurence R. Veator, Jr., John F. Williams, Elwood S. Wood, John A. Dudley, Lawrence G. Beson, Edward G. Najjar, Robert C. Walsh, Brian B. Burns, Gail Erickson, Edward T. Harvey, George N. McNair, Kenneth Y. Milliam, James P. Neveva, Antonio R. Forre, Jean-Louis Greze, Fred Lempereur, C. Dean McWilliams, Harry B. Rinsger, James R. Smith, August Umlauf, Francois P. van Remoortere, v.p.'s.

Directors: J. Peter Grace, chairman; J.P. Bolduc, Robert A. Claubault, Terrence D. Daniels, Edward W. Duffy, Harold A. Eckmann, Charles H. Erhart, Jr., Mark C. Feer, James W. Frick, Raymond C. Foster, George P. Gardner, Jr., Donald E. Grimm, Coustantine L. Hampers, George P. Jenkins, Harold R. Logan, Robert C. Macauley, Frank E. Mackle, Jr., Lawrence C. McQuade, Roger Milliken, David G. Nancarrow, Paul D. Paganucci, Henry G. Parks, Jr., John E. Phipps, William W. Prince, John A. Puelicher, Eben W. Pyne, D. Walter Robbins, Jr., John F. Spellman, Grace Sloane Vance, David L. Yunick.

Textile Activities: Specialty textile operations include drapery, mattress ticking and upholstery fabrics under the Bekaert label in Europe and Australia. Specialty textile printing in the U.S.

Textile Trademarks and/or Brand Names: Bekaert.

Divisions:

Bekaert Australia Pty. Ltd.
 Abbots Road
 Lyndhurst, Victoria
 Australia

Bekaert Textiles N.V.

21 Hoogmolenstraat
 B 8970 Waregem
 Belgium
 Mattress ticking, textile wall coverings and upholstery fabrics.

Bekaert England Ltd.

47 Ropetage
 Pontefract, West Yorkshire
 England
 Mattress ticking, drapery fabrics.

General Business Activities: Processing cocoa and chocolate; book, video-cassette and educational computer software distribution; cattle breeding services.

Chemical Activities: Agricultural and industrial chemical operations encompass a broad range of products including container sealants and application equipment; auto exhaust catalysts for pollution control and petroleum cracking catalysts for the refining industry; flexible plastic packaging materials.

W.R. Grace & Co.

and equipment; printing blankets and letterpress plates from commercial and newspaper presses; concrete and mixtures and insulating materials, for construction; chelating agents and surfactants used in textile processing and soap manufacture; and water and waste treatment chemicals for industrial and municipal water systems.

Natural Resource Activities: Exploration, development and production of new domestic sources of energy—oil, gas and coal; specialized oil fields services and pulp and paper manufacturing.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Securityholder Relations
P.O. Box 24935
New York, New York 10249

Stock Exchange(s): New York, Midwest, Amsterdam, Basel, Frankfurt, Geneva, Hamburg, Lausanne, London, Paris, Zurich.

Ticker Symbol: GRA

Sales and Earnings

	Net Sales \$ (000's)	Net Income (000's)
1986	\$ 3,725,700	\$ (472,300)
1985	3,553,200	146,900
1984	3,532,100	198,000
1983	3,343,400	164,600
1982	3,601,800	315,400

	No. of Com. Shares #	Earn. per Share \$
1986	42,039,000	\$ —
1985	51,908,000	2.82
1984	51,673,000	3.82
1983	51,600,000	3.17
1982	51,568,000	6.10

(Loss)

‡ Includes operating revenues; of continuing operations only.
Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1986	1985
Specialty chemicals	\$ 2,492,000	\$ 2,254,000
General business	896,000	787,000
Natural resources	338,000	512,000
Total	\$ 3,726,000	\$ 3,553,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.80	—	—
1985	2.80	—	—
1984	2.80	—	—
1983	2.80	—	—
1982	2.70	—	—

Common Stock Equity

	Total Equity \$ (000's)	Equity Per Share
1986	\$ 1,300,900	\$ 30.83
1985	2,394,200	43.40
1984	2,201,100	42.58
1983	2,182,700	42.26
1982	2,194,600	42.56

‡ After allowing for preferred stock at par value.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 3,725,700	\$ 3,553,200
Other income	49,600	82,000
Total Income	\$ 3,775,300	\$ 3,635,200

Cost of sales	2,517,500	2,355,900
Expenses	688,500	654,400
Depreciation, depletion & amortization	238,400	224,000
Research & devel.	94,200	88,800
Interest expense	191,800	159,600
Asset reserves	368,800	—
Income (loss) bef. taxes	\$ (323,900)	\$ 152,500
Income taxes	51,500	64,900
Inc. (loss) - cont. oper.	\$ (375,400)	\$ 87,600
Inc. (loss) - discont. oper.	(96,900)	59,300
Net Income (Loss)	\$ (472,300)	\$ 146,900

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 92,500	\$ 151,600
Notes & accts. receiv., net	665,600	703,700
*Inventories	563,000	607,600
Invest. in discont. oper.	73,800	510,500
Net assets of discont. oper.	60,000	—
Other assets	41,500	50,100
Current Assets	\$ 1,496,400	\$ 2,023,500
Net assets of discont. oper.	238,300	—
Investments & advances	212,300	317,900
#Fixed assets	1,579,000	2,596,000
Other assets	467,000	350,400
Intangibles	104,200	133,100
Total Assets	\$ 4,097,200	\$ 5,420,900

Liabilities (000's)

Loans payable	\$ 152,600	\$ 294,200
Accts. payable	431,600	408,100
Income taxes	126,600	78,500
Other liabilities	407,900	254,500
Current Liabilities	\$ 1,118,700	\$ 1,035,300
Long-term debt	1,095,300	1,524,100
Other liabilities	480,100	194,500
Deferred inc. taxes	94,500	262,500
+ Preferred stock	7,700	10,300
+ + Common stock	55,800	55,200
Add. paid-in capital	641,600	615,400
Retained earnings	1,238,900	1,829,300
For. curr. adj.	(39,500)	(105,500)
Treasury stock	(595,900)	(200)
Total Liabilities & Shareholders' Equity	\$ 4,097,200	\$ 5,420,900

* At lower of cost or market.
Less accumulated depreciation and depletion.
+ \$100 par value.
+ + \$1 par value.

Statistical Summary

%Net Income to Equity	11.23	6.11
Sales to Inventories	6.31	8.55
Debt to Equity	0.84	0.76
Working Capital	\$ 377,700,000	\$ 988,200,000
Current Ratio	1.34	1.95
Shareholders' Equity	\$1,308,600,000	\$2,404,500,000

Grafton Group Limited

(51% of the common shares owned by Greywinds Investments Limited)

9 Sunlight Park Road
P.O. Box 108
Postal Station G
Toronto, Ontario M4M 3G1, Canada
(416) 461-9411

Officers: W.A. Heatlip, chairman, chief executive officer & president; T.E. Topping, exec. v.p.; G.A. Reynolds, v.p.-finance, secretary & treasurer.

Directors: William A. Heatlip*, William F. James, James W. McCutcheon*, H. John McDonald*, George A. Reynolds*, T. Edward Topping, David B. Weldon*, Douglas C. Woolley, Thomas R. Young.

* Member of the Executive Committee.

Business Activities: Operates retail stores and departments selling men's and ladies' apparel under the names of Jack Fraser, Grafton, Jacks, The Loft, Sideeffects, George Richards, Elks, and Dapper Dan. Also operates apparel departments in Woolco under a licensing arrangement and retail shoe stores under the names Maher, Copp, Julia, Footpath, and Reid Stores, located throughout Canada. Toby Industries Limited, a wholly-owned subsidiary, manufactures quilted bedspreads, decorator pillows, fashion products for the bathroom, and other home furnishings products.

Trademarks and/or Brand Names: Martex, Lady Pepperell.

Divisions and Subsidiaries:

Grafton-Praser, Inc.
Toby Industries Limited
Grafton Realty Company, Limited
Maher Inc.
James B. McGregor Division
Forsyth Trading Company Limited (joint venture; 33 1/3% interest)
Elks Inc. (66% owned)
Seifert's Incorporated
Oak-Bay Corporation
Nabour Stores Ltd.
Beverly's Inc.

Transfer Agent(s):

Guaranty Trust Company of Canada

Stock Exchange(s): Toronto

Ticker Symbol: GFGT

Sales and Earnings

	Net Sales	Net Income +
1987	\$ 605,192,000	\$ 22,703,000
1986	514,007,000	26,373,000
1985	461,954,000	23,272,000
1984	420,654,000	18,456,000
1983	382,277,000	10,763,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1987	18,738,000	\$ 1.12
1986	18,738,000	1.28
1985	18,738,000	1.12
1984	18,738,000	0.88
1983	18,738,000	0.48

+ Including extraordinary gains of \$127,000 (\$0.01 per share) in 1987, \$886,000 (\$0.04 per share) in 1986, \$728,000 (\$0.04 per share) in 1985 and \$301,000 (\$0.02 per share) in 1984.
‡ Based on the weighted average number of Class A and common shares outstanding adjusted to reflect stock split.
† Assuming full dilution.

Revenues By Line of Business

	1987	1986
Retail:		
Apparel	\$ 505,277,000	\$ 416,918,000
Footwear	82,102,000	78,340,000
Home furnishings	17,813,000	18,749,000
Total	\$ 605,192,000	\$ 514,007,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.30	—	—
1986	0.23	—	3-for-1
1985	0.21	—	—
1984	0.19	—	—
1983	0.19	—	—

+ Adjusted to reflect stock split.

Guilford Mills, Inc.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 166,033,000	\$ 8.86
1986	151,595,000	8.09
1985	128,370,000	6.85
1984	110,297,000	5.89
1983	97,794,000	5.22

‡ Based on the weighted average number of Class A and common shares outstanding adjusted to reflect stock split.

Income Account

Year ended Jan. 31	1987	1986
Net sales:		
Retail	\$ 587,379,000	\$ 495,258,000
Mfg.	17,813,000	18,749,000
Total Revenues	\$ 605,192,000	\$ 514,007,000
Cost of sales & expenses	556,119,000	459,258,000
Depreciation	11,703,000	9,117,000
Amortization of cost	715,000	727,000
Interest expense	6,479,000	4,897,000
Misc. income	(5,377,000)	(4,174,000)
For. exch. loss (gain)	311,000	(345,000)
Gain on sale	(1,670,000)	—
Gain on equity invest.	(1,375,000)	—
Prov. for loss on oil props.	—	3,250
Gain on sale of land	—	(1,732)
Inc. bef. taxes	\$ 38,287,000	\$ 43,009,000
Income taxes	15,104,000	16,927,000
Minority interest	607,000	595,000
Net Income	\$ 22,576,000	\$ 25,487,000
Extraord. gain	127,000	886,000
Net Income & extraord. gain	\$ 22,703,000	\$ 26,373,000

As of Jan. 31	1987	1986
Cash	\$ 47,060,000	\$ 41,691,000
Marketable securities	31,591,000	40,256,000
Accts. receiv., net	27,739,000	23,810,000
Deferred income taxes	5,229,000	—
*Inventories	90,037,000	79,939,000
Prepaid exp. & deposits	2,661,000	1,567,000
Current Assets	\$ 204,317,000	\$ 187,263,000
Investments	14,677,000	13,761,000
#Fixed assets	68,244,000	52,287,000
Unamort. fin. costs	122,000	145,000
Intangibles	15,017,000	14,962,000
Total Assets	\$ 302,377,000	\$ 268,418,000

Liabilities		
Long-term debt & cap. lease oblig., curr.	\$ 2,199,000	\$ 4,597,000
Bank advances	3,230,000	—
Accts. payable & accruals	75,379,000	61,363,000
Income & other taxes	10,571,000	10,62,000
Curr. Liabilities	\$ 91,379,000	\$ 76,422,000
Long-term debt	32,220,000	28,693,000
Cap. lease oblig.	6,615,000	5,786,000
Minority interest	4,331,000	3,746,000
Deferred inc. taxes	1,799,000	2,176,000
+ Common stock	9,866,000	9,930,000
For. curr. adj.	3,531,000	3,998,000
Retained earnings	152,636,000	137,667,000
Total Liabilities & Shareholders' Equity	\$ 302,377,000	\$ 268,418,000

* Retail inventories at lower of cost or market and net realizable value less normal profit margin. Raw materials at lower of cost and replacement cost.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	6.33	8.66
%Net Income to Revenues	3.73	4.96
%Net Income to Equity	13.60	16.81
Debt to Equity	19.41	0.26
Working Capital	\$112,938,000	\$110,841,000
Current Ratio	2.24	2.45
Shareholders' Equity	\$166,033,000	\$151,995,000

Guilford Mills, Inc.

4925 W. Market Street
Greensboro, North Carolina 27407
(919) 292-7350

180 Madison Avenue
New York, New York 10016
(212) 684-2300

Officers: Charles A. Hayes, chairman & chief exec. officer; George Greenberg, president & chief operating officer; Maurice Fishman, vice chairman & sr. v.p.; Norman C. Weisbecker, exec. v.p.; Paul R. McGarr, v.p.-finance & secretary; Stanley J. Mackay, v.p.-sales; Bernard Fleisher, exec. v.p.-mfg.; James F. Watts, Jr., Lee Rosenberg, v.p.-administration; Donald L. Park, treasurer; Robert T. Spillane, v.p.-research & development; George T. Stansell, v.p.-engineering.

Directors: Charles A. Hayes, chairman; Peter A. Brooke, Maurice Fishman, George Greenberg, Lester A. Lazarus, Paul R. McGarr, Sherry Jacobs, Bryan Lodder.

Business Activities: Develops, knits, dyes, prints, finishes, markets and sells warp knitted fabrics. Also knits synthetic yarns, principally nylon, polyester, Arnel and acetate into a variety of fabric for the sportswear, loungewear and lingerie markets, the dress and sportswear markets, home furnishings, the industrial and consumer markets; also engaged in finishing, dyeing and converting operations.

Trademarks and/or Brand Names: Ultravelle, Livatouch, Charmant, Ultriline, Flannel-Flannel II, Natur, Liberty Velle, Terry Velour, Showtime, Sof-Touch, Fahrheit, Voyant, GuilRiche, Cheminille, Warmth Rated, Polynade, Starbure, Guilana, Guil-lour, Resolution III, Intima, Sew 'n Tell, Slumber One, Terry Mate, Cuddle Floose, Poly One, Cancel Star, Iron Velvet, Slumber Mate, Ultracelle, Chemistich, Activa II, FR Chem-Free, Knit One, Natur Plus, Duravel, Encore, Status, Regency, Thermo-Quilt, Metalon, AutoTex, Dynasty One, Original Glimmer.

Plant Locations:

Greensboro, North Carolina (4)
Kannonsville, North Carolina
Lumberton, North Carolina
Gainesville, Georgia
Augusta, Georgia
Pine Grove, Pennsylvania (2)

Divisions and Subsidiaries:

Guilford Kapwood, Limited
Cotes Park
Somerset, Derbyshire
England DE554N

Gilbert Frank Corp.
1412 Broadway
New York, New York 10018

Rouquinet Deroy Limited
Daleside Road, Meadow Lane
Nottingham, United Kingdom NG23GH

TRT Corporation:

Lumberton Dyeing & Finishing
610 East First Street
Lumberton, North Carolina 28358

Rosewood Fabrics
1412 Broadway
New York, New York 10018

Guilford Prints
1660 Dixon Airline Road
Augusta, Georgia 30903

Acquisition(s):

Gold Mills, Inc.
1441 Broadway
New York, New York 10018
Knits, dyes and finishes warp knit fabrics.

Transfer Agent(s):

The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02106

Stock Exchange(s): New York

Ticker Symbol: GFD

Sales and Earnings

	Net Sales	Net Income
1986	\$ 416,265,000	\$ 19,026,000
1985	356,521,000	17,304,000
1984	360,372,000	25,125,000
1983	254,575,000	15,201,000
1982	247,838,000	14,372,000
	No. of Com. Shares †	Earn. per Share ‡
1986	9,844,071	\$ 1.93
1985	9,822,821	1.76
1984	9,806,178	2.61
1983	8,999,100	1.69
1982	9,003,881	1.58

† Adjusted to reflect stock splits.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.54	—	5-for-4
1985	0.54	—	—
1984	0.43	—	—
1983	0.38	—	3-for-2
1982	0.37	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 167,076,000	\$ 16.97
1985	150,828,000	15.35
1984	139,343,000	14.21
1983	105,905,000	11.77
1982	94,425,000	10.49

+ Adjusted to reflect stock splits.

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 416,265,000	\$ 356,521,000
Cost of sales	334,071,000	286,632,000
Expenses	44,330,000	38,503,000
Interest expense	2,618,000	1,540,000
Other expense (income)	(580,000)	42,000
Income before taxes	\$ 35,826,000	\$ 29,804,000
Income taxes	16,800,000	12,500,000
Net Income	\$ 19,026,000	\$ 17,304,000

* Included in Costs and Expenses, Depreciation: \$13,276,000 in 1986 and \$11,275,000 in 1985.

Assets

As of June 30	1986	1985
Cash & short-term investments	\$ 2,749,000	\$ 2,286,000
Receiv., net	88,268,000	79,903,000

Guilford Mills, Inc.

*Inventories	68,102,000	58,258,000
Prepaid expenses	4,194,000	3,303,000
Current Assets	\$ 163,313,000	\$ 143,750,000
#Fixed assets	78,061,000	68,382,000
Other assets	14,025,000	12,802,000
Total Assets	\$ 255,399,000	\$ 224,934,000

Liabilities		
Long-term debt, curr.	\$ 1,421,000	\$ 1,390,000
Short-term borrowings	17,754,000	19,322,000
Accts. payable	27,479,000	22,161,000
Accruals	9,093,000	5,835,000
Income taxes	8,862,000	1,539,000
Current Liabilities	\$ 64,609,000	\$ 50,267,000
Long-term debt	10,190,000	11,860,000
Deferred inc. taxes	13,524,000	11,979,000
+ Common stock	248,000	198,000
Add. paid-in capital	21,481,000	21,453,000
Retained earnings	153,809,000	140,132,000
Foreign curr. trans.	(1,415,000)	(3,850,000)
Treasury stock	(7,047,000)	(7,105,000)
Total Liabilities & Shareholders' Equity	\$ 255,399,000	\$ 224,934,000

* At lower of cost or market.
Less accumulated depreciation and amortization.
+ \$0.25 par value

Statistical Summary

%Income bef. Taxes to Sales	8.61	8.36
%Net Income to Sales	4.57	4.85
%Net Income to Equity	11.39	11.47
Sales to Inventories	6.11	6.12
Debt to Equity	0.07	0.22
Working Capital	\$ 98,704,000	\$ 93,483,000
Current Ratio	2.53	2.86
Shareholders' Equity	\$167,076,000	\$150,828,000

Hampton Industries, Inc.

501 East Caswell Street
P.O. Box 614
Kinston, North Carolina 28502
(919) 527-8011

Officers: David Fuchs, chairman & chief executive officer; Sol Schechter, president; Roger Eichel, secretary; Paul L. Chused, v.p. & asst. secretary; Andrew Chused, treasurer & asst. secretary; Martin Cannitz, exec. v.p.; Robert J. Stiehl, Jr., v.p.-finance; Ronald L. Mueller, v.p.-mgmt. info. services.

Directors: David Fuchs, Sol Schechter, Paul Chused, Robert B. Patterson, Jr., David M. Levitan.

Business Activities: Engaged in the manufacture, importing and marketing of men's, girl's and boy's shirts and pajamas, women's blouses, sweaters, jackets, and sportswear coordinates.

Trademarks and/or Brand Names: J.G. Hook for Boys, J.G. Hook for Girls, Two East, Shirt Street, McGregor for Boys, Hampton Shirt, Hampton Pajama & Robes, Hampton East Sportswear, Hampton Girl, Break Away, Hampco, Walt Wear Apparel, Prepshirt.

Plant Locations: Kinston, Snow Hill, Washington, Wilson & Greenville, North Carolina; Martinsville, Chatham & Chase City, Virginia.

Subsidiaries:

Prepshirt Inc.
Samsons, Inc.
Samsons Manufacturing Corp.
Kinston Shirt Company
Kinston Die Cutting Corp.
Prepshirt Mfg. Corp.
Kinston Paper Box Co., Inc.
Hampco Apparel, Inc.
Hampton Shirt Co., Inc. (New York)
Hampton Shirt Co., Inc. (North Carolina)
Snow Hill Apparel Co., Inc.
Hamptex, Inc.

Transfer Agent(s):
American Stock Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: HAI

Sales and Earnings

	Net Sales	Net Income
1986	\$ 160,795,843	\$ 5,105,860
1985	157,012,537	3,222,810
1984	162,855,462	4,403,829
1983	130,730,335	2,737,513
1982	123,415,697	2,781,109
	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,376,052	\$ 1.50
1985	3,376,052	0.94
1984	3,406,499	1.28
1983	3,498,075	0.77
1982	3,498,975	0.78

‡ Based on the weighted average number of common and Class A shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	10%	—
1985	—	10%	—
1984	—	10%	—
1983	—	10%	—
1982	—	10%	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	\$ 45,007,337	\$ 13.33
1985	39,963,539	11.84
1984	36,801,372	10.80
1983	33,418,342	9.55
1982	30,741,670	8.79

† After allowing for preferred stock at par value.

‡ Based on the weighted average number of common and Class A shares outstanding adjusted to reflect stock dividends.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	\$ 160,795,843	\$ 157,012,537
Cost of sales	127,586,682	127,095,889
Expenses	20,279,509	20,058,368
Interest expense	3,079,892	3,879,070
Income before taxes	\$ 9,849,760	\$ 5,979,210
Income taxes	4,743,900	2,756,400
Net Income	\$ 5,105,860	\$ 3,222,810

* Included in Costs and Expenses, Depreciation and Amortization: \$2,252,854 in 1986 and \$2,045,594 in 1985.

As of	12/27/86	12/28/85
Assets		
Cash	\$ 833,943	\$ 3,632,155
Accts. receiv. net	21,572,927	15,904,487
*Inventories	39,079,157	38,647,889
Prepaid expenses	411,263	812,849
Current Assets	\$ 61,897,290	\$ 58,997,380
#Fixed assets	25,504,793	20,970,158
Other assets	994,686	4,120,390
Total Assets	\$ 88,396,769	\$ 84,087,928
Liabilities		
Long-term debt, curr.	\$ 995,004	\$ 861,445
Accts. payable	8,565,083	7,202,753
Accruals	3,870,077	2,788,125
Income taxes	996,559	930,828
Curr. Liabilities	\$ 14,426,723	\$ 11,783,151
Long-term debt	26,639,459	30,315,088

Deferred inc. taxes	1,487,300	1,190,200
+ Preferred stock	835,950	835,950
+ + Common stock	3,546,494	3,224,301
Add. paid-in capital	16,569,849	12,220,244
Retained earnings	25,969,721	25,597,721
Treasury stock	(1,078,727)	(1,078,727)
Total Liabilities	\$ 88,396,769	\$ 84,087,928

* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$100 par value; \$7 cumulative
+ + \$1 par value

Statistical Summary

%Income bef. Taxes to Sales	6.13	3.81
%Net Income to Sales	3.18	2.05
%Net Income to Equity	11.14	7.90
Sales to Inventories	4.11	4.06
Debt to Equity	0.60	0.76
Working Capital	\$47,470,567	\$47,214,229
Current Ratio	1.03	5.01
Shareholders' Equity	\$45,843,287	\$40,799,489

Hartmarx Corporation

(formerly Hart Schaffner & Marx)

101 North Wacker Drive
Chicago, Illinois 60606
(312) 372-6300

Officers: John R. Meinert, chairman & chief administrative officer; Elbert O. Hand, president & chief operating officer; Harvey Weinberg, vice chairman & chief exec. officer; Jerome Dorf, sr. v.p. & chief financial officer; Frank A. Brenner, v.p.-marketing services; Ralph Kaufmann, v.p.-licensing; James E. Condon, v.p. & treasurer; Sherman D. Rosen, v.p.-human resources; Guy Gunzberg, v.p.-information systems; Glenn R. Morgan, v.p. & controller; Carey M. Stein, v.p., secretary & gen. counsel.

Directors: Jerome S. Gore*, John R. Meinert, Donald P. Jacobs*, Raymond F. Farley*, Sam F. Segner*, Burton B. Ruby*, Charles Marshall*, A. Robert Abboud*, James E. Devitt*, Harvey A. Weinberg, Elbert O. Hand, Letitia Baldrige*.

* Member of the Executive Committee.

Business Activities: Company labels range from the top-of-the-line Hickey-Freeman and Walter-Morton, with suits retailing for \$575+, to Kuppenheimer, with suits ranging from \$145 to \$185. Hart Schaffner & Marx and other brands fall between these price points.

These brands include Christian Dior, Pierre Cardin, Nino Cerruti, Jaeger, Austin Reed of Regent Street, Racquet Club, and Henry Grethel.

The acquisition of Country Miss in 1981 marked a move by the Company into women's apparel manufacturing. Country Miss apparel is targeted for segments of the market for coordinated sportswear and sport dresses for the moderate and better, updated customer. Country Miss labels include Country Suburbans, Country Miss, Handmücher, Weatherlane, Suburban Petites, Weatherlane Petites, and Color Me Beautiful.

The emphasis of Society Brand, Ltd. is in the forward-fashion field. The Graham & Gunn, Ltd. and Allyn St. George market is in more traditional clothing. Austin Reed of Regent Street includes a women's wear collection complementing its line of British-influenced models and fabrics in American-made men's clothing.

The Jaymar-Ruby, Inc. subsidiary manufactures men's apparel under the Jaymar, Sansabelt, Pierre Cardin, and Racquet Club labels, and women's apparel under the Lady Sansabelt label.

Gleneagles manufactures rainwear for men and women and men's fashion outerwear, jeans and casual slacks. The Gleneagles division sells products under the Gleneagles, Hart Schaffner & Marx, Christian Dior and Jack Nicklaus labels.

Trademarks and/or Brand Names: Hart Schaffner & Marx, Ruby Ltd., JaySport, Jack Nicklaus, Christian Dior, Society Brand, Ltd., Graham & Gunn, Ltd., Sterling & Hunt, Fashionaire, Austin Reed of Regent Street, Allyn St. George, Nino Cerruti, Johnny Carson, Hickey-Freeman, Walter-

Hartmarx Corporation

Morton, Glencoe, Jaymar, Sansabelt, Cesarini, Country Miss, Country Suburban, Handmacher, Weathervane, Jaeger, Kuppenheimer, Pierre Cardin, Henry Grethel, Racquet Club, Briar Neckware, York, Nicola Mancini, Careermax, H. Orisky, Thorngate Uniforms, Color Me Beautiful, Lady Sansabelt.

Divisions and Subsidiaries:

Manufacturing Group

Austin Reed of Regent Street
Christian Dior
Society Brand Ltd.
Graham & Gunn Ltd.
Fashionaire
Hart Schaffner & Marx Clothes
Jack Nicklaus
Henry Grethel
Sterling & Hunt

all located at:

101 North Wacker Drive
Chicago, Illinois 60606

Plants located: Marseilles, Chicago (3) and Rock Island (2), Illinois; Cape Girardeau & Chaffee, Missouri; Rochester, N.Y.; Michigan City, Indiana.

Hickey-Freeman Co., Inc.
1155 Clinton Avenue, North
Rochester, New York 14621

Plants located: Rochester and Buffalo, New York.

Johnny Carson Apparel, Inc.
2020 Elmwood Avenue
Buffalo, New York 14207

Jaymar-Ruby, Inc.
5000 South Ohio Street
Michigan City, Indiana 46360
Plants located: Michigan City (5) and East Chicago, Indiana; Anniston, Alabama; Elizabethtown, Kentucky; Rector, Arkansas.

Country Miss, Inc. (92% owned)
Tatamy & Kesslersville Road
P.O. Box 769
Easton, Pennsylvania 18042
Plants located: Easton, Pennsylvania; Glasgow, Kentucky; Bristol, Virginia; Cookeville, Tennessee; Waterboro, South Carolina.

Intercontinental Apparel, Inc.
888 7th Avenue
New York, New York 10019

Glencoe, Inc.
808 Glencoe Court
Baltimore, Maryland 21204
Plants located: Baltimore (3), Maryland.

Thorngate Uniforms, Inc.
2 DeKalb Street
Norristown, Pennsylvania 19401

Briar, Inc.
California-based manufacturer of men's ties and related jewelry.

Retail Stores Group

Baskin
Chicago, Rockford, Champaign-Urbana, Illinois; Madison, Wisconsin, Fort Wayne, Indiana.

Ray Beers
Topeka, Kansas

Capper & Capper, Ltd.
Chicago, Illinois
Detroit, Michigan

Field Bros.
New York, New York

Arthur Frank
Salt Lake City, Utah

Frank Bros.
San Antonio, Texas

Hunny's
Phoenix, Arizona

Hasting's
San Francisco, Oakland, San Jose & Monterey, California

Jack Henry
Kansas City, Missouri

Hayward Mahon
Greenville, South Carolina

J.O. Jones
Charlotte & Raleigh, North Carolina

Kleinhans
Buffalo, New York

Klopfenstein's
Seattle & Tacoma, Washington; Portland, Eugene, Salem, Oregon; Anchorage, Alaska

Leopold, Price & Rolfe
Houston, Texas

Levy-Wolf
Jacksonville, Florida

Liaman's
Minneapolis & St. Paul, Minnesota

Littlers
Seattle, Washington

Merritt Schaefer & Brown
Austin, Texas

Porter Stevens
New Orleans, Louisiana

Root's
Summit & Red Bank, New Jersey

Shulman's
Norfolk & Hampton, Virginia

Silverwoods
Los Angeles, Santa Barbara, Palm Springs & Anaheim, California; Las Vegas, Nevada

Sievers
Jackson, Mississippi

F.R. Tripler & Co.
New York, New York

Walkers
Columbus, Akron, Canton & Dayton, Ohio

Wallachs
New York, Connecticut, Massachusetts, New Jersey, Rhode Island & New Hampshire

Wallachs of Florida
Miami, Ft. Lauderdale, Boca Raton & Pompano Beach, Florida

Jas. K. Wilson
Dallas & Fort Worth, Texas

Wolf Bros.
Tampa, St. Petersburg, Ft. Myers & Bradenton, Florida

Zachry
Savannah, Atlanta, Georgia;
Montgomery, Alabama; Asheville, North Carolina

deJong's
Evansville, Indiana

Robert's (49% owned)
Mexico City, Mexico

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: HSM

Sales and Earnings

	Net Sales	Net Income
1986	\$1,063,011,000	\$ 24,775,000
1985	1,109,537,000	42,660,000
1984	1,070,830,000	41,735,000

1983	961,846,000	37,615,000
1982	863,231,000	31,870,000
	No. of Com. Shares +	Earn. per Share ‡
1986	20,396,213	\$ 1.20
1985	18,883,002	2.25
1984	18,590,406	2.24
1983	18,357,936	2.03
1982	17,951,710	2.03

+ Adjusted to reflect stock splits.

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985	1984	1983
Retail stores division	46%	57%	57%	56%
Manufacturing division	54	43	43	44
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.90%	—	3-for-2
1985	1.85%	—	—
1984	0.74%	—	—
1983	0.60%	—	3-for-2
1982	0.53%	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 358,718,000	\$ 17.59
1985	332,412,000	17.61
1984	301,891,000	16.24
1983	271,703,000	14.80
1982	241,350,000	13.46

‡ After allowing for preferred stock at liquidation value of \$67.50 per share.

† Adjusted to reflect stock splits.

Income Account * (000's)

Year ended Nov. 30	1986	1985
Net sales	\$ 1,063,011	\$ 1,109,537
Other income	13,616	16,052
Total income	\$ 1,076,627	\$ 1,125,589
Cost of sales	628,036	641,246
Expenses	391,652	391,079
Interest expense	9,414	12,014
Income before taxes	\$ 47,525	\$ 81,250
Income taxes	22,750	38,590
Net Income	\$ 24,775	\$ 42,660

* Included in Costs and Expenses, Depreciation and Amortization: \$21,048,000 in 1986 and \$19,625,000 in 1985.

Assets (000's)

As of Nov. 30	1986	1985
Cash	\$ 3,903	\$ 22,246
Accts. receiv., net	175,031	188,583
*Inventories	298,117	310,944
Prepaid expenses	5,858	8,430
Current Assets	\$ 482,909	\$ 530,203
#Fixed assets	129,219	129,694
Other assets	9,405	9,362
Total Assets	\$ 621,533	\$ 669,259

Hartmarx Corporation

	Liabilities (000's)	
Notes payable	\$ 33,000	\$ 38,600
Long-term debt, curr.	6,056	11,216
Accts. payable & accruals	120,808	138,176
Income taxes	10,649	12,032
Deferred taxes	21,443	22,078
Curr. Liabilities	\$ 191,955	\$ 22,102
Long-term debt	70,860	71,200
Convert. subord. debent.	—	43,545
+ Common stock	58,351	34,925
Add. paid-in capital	41,711	20,164
Retained earnings	312,369	306,159
Foreign currency adjustment	(5,876)	(5,876)
Treasury stock	(47,837)	(22,960)
Total Liabilities & Shareholders' equity	\$ 621,533	\$ 669,259

* At lower of cost (LIFO and FIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$2.50 par value.

Statistical Summary		
%Income bef. Taxes to Sales	4.47	7.32
%Net Income to Sales	2.33	3.84
%Net Income to Equity	6.91	12.83
Sales to Inventories	3.57	3.57
Debt to Equity	0.21	0.25
Working Capital	\$290,954,000	\$308,101,000
Current Ratio	2.52	2.39
Shareholders' Equity	\$358,718,000	\$332,412,000

Hercules Incorporated

Hercules Plaza
 Wilmington, Delaware 19894
 (302) 594-5000

Officers: David S. Hollingsworth, chairman of the board & chief exec. officer; Fred L. Buckner, president; Eugene D. Crittenden, Jr., v.p.-international; Arden B. Engebretsen, vice chairman & chief financial officer; S. Maynard Turk, v.p. & general counsel; Edward J. Sheehy, v.p.-productivity management & operating services; Thomas V. McCarthy, v.p.-human resources; Ross O. Watson, v.p.-information resources; Francisco Bonmartini, v.p.-business development; Alexander L. Searl, treasurer; George MacKenzie, controller; Daniel F. Desmond, asst. treasurer; Charles W.K. Gamble, secretary.

Directors: Alexander F. Giacco*, Guy T. McBride, Jr., John R. Petty, Arthur C. Nielsen, Jr., Eugene D. Crittenden, Jr., Stuart E. Eizenstat, Arden B. Engebretsen*, David S. Hollingsworth*, Jerome Jacobson, Robert G. Jahn, Joan E. Spero, Fred L. Buckner, Henry A. Schweninger†.

* Member of the Executive Committee.

Business Activities: The Company is a world-wide supplier of a broad line of natural and synthetic materials and products and related systems. Products include such materials as cellulose, flavors and fragrances, natural and hydrocarbon resins, polypropylene fiber and film, propellants and advanced composites.

Textile products include: nonwoven polypropylene staple fiber which provides superior strength in sanitary facings for disposable hygiene products; polypropylene products used in Novreil BCF carpet yarn, which offers resistance to stains, fading and wear; graphite fiber used in aircraft due to its light weight, strength, and stiffness, and used in filament-wound cases for submarine-launched missiles; and high-luster velvet yarn, trademarked Elustra, used in upholstered furniture.

Textile Trademark(s): Novreil, Elustra.

Textile Plant Location(s): Oxford, Georgia; Magna, Utah; Ithaca, Canada.

Divisions and Subsidiaries:

Mica Corporation
 Culver City, California
 Hercules Trading Corporation
 Wilmington, Delaware
 Hercules Overseas Corporation
 St. Croix, Virgin Islands
 Caribbean Lumber Company, Inc.
 Savannah, Georgia
 Hercules Defense Electronics Systems, Inc.
 Clearwater, Florida
 Hercules Chemical Corporation
 Wilmington, Delaware
 Simmonds Precision Products, Inc.
 Tarrytown, New York

Hercules do Brasil Produtos Quimicos Ltda.
 Sao Paulo, Brazil

Hercocem (H.K.) Ltd.
 Hong Kong

Hercan Pte Ltd.
 Singapore

Hercules International Trade Corporation Limited
 Nassau, The Bahamas

Hercules Canada Inc.
 Mississauga, Ontario, Canada

Rosa Pulp & Paper Inc.
 La Salle, Quebec, Canada

Hercules Limited
 London, England

The Holden Vale Manufacturing Co., Ltd.
 Haslington, England

Hercules France S.A.
 Paris, France

Hercules GmbH
 Hamburg, Germany

Hercules Far East KK
 Tokyo, Japan

Putex Chemie GmbH
 Traun, Austria

Hercules Chemical NV
 Beringen, Belgium

A/S Kobehavns Pektinfabrik
 Lille Skensved, Denmark

PFW Ltd.
 Perivale, England

OY Hercofin AB
 Helsinki, Finland

Pomoxin GmbH
 Grossenbrode, Germany

Cesalpinia S.p.A.
 Milan, Italy

Hercules Bewoid Italia S.p.A.
 Milan, Italy

Quimica Hercules, SA de CV
 Mexico

PFW (Nederland) BV
 Amersfoort, The Netherlands

Cerastonia
 Tarragona, Spain

Hercules Kemiska Aktiebolag
 Goteborg, Sweden

Champlain Cable Corporation
 Wilmington, Delaware

Hercules BV
 Rijswijk, The Netherlands

Transfer Agent(s):
 Manufacturers Hanover Trust Company
 P.O. Box 24935
 Church Street Station
 New York, New York 10249

Wachovia Bank & Trust Company, N.A.
 P.O. Box 3099
 Winston-Salem, North Carolina 27102

Wilmington Trust Company
 10th & Market Streets
 Wilmington, Delaware 19890

Stock Exchange(s): New York, London, Zurich, Geneva, Basel

Ticker Symbol: HPC

Sales and Earnings		
	Net Sales (000's)	Net Income# (000's)
1986	\$ 2,615,100	\$ 226,700
1985	2,587,200	133,200
1984	2,571,000	197,200
1983	2,629,000	174,200
1982	2,621,000	109,800

	No. of Com. Shares	Earn. per Share †#
1986	54,800,000	\$ 4.02
1985	54,300,000	2.40
1984	53,500,000	3.54
1983	52,900,000	3.17
1982	52,100,000	2.10

Including extraordinary credit of \$11,553,000 (\$0.22 per share) in 1982.

† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)		
	1986	1985
Eng. & fabricated prod.	\$ 383,000	\$ 389,000
Specialty chemicals	1,214,000	1,156,000
Explosives & aerospace	906,000	844,000
Other prod.	112,000	198,000
Total	\$ 2,615,000	\$ 2,587,000

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.72	—	—
1985	1.60	—	—
1984	1.48	—	—
1983	1.38	—	—
1982	1.32	—	—

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$1,703,200,000	\$ 31.11
1985	1,474,201,000	27.13
1984	1,366,911,000	25.57
1983	1,288,118,000	24.33
1982	1,141,316,000	21.90

Income Account * (000's)		
Year ended Dec. 31	1986	1985
Net sales	\$ 2,615,110	\$ 2,587,213
Cost of sales	1,998,741	2,052,152
Expenses	412,733	403,848
Interest expense	39,399	43,111
Other expense (income)	24,365	(17,121)
Gain on dispos. of assets	(77,447)	(16,300)
Income before taxes	\$ 217,319	\$ 121,583

Instrument Systems Corporation

Income taxes	81,182	39,038
Eq. in inc. of affil. cos.	(90,596)	(30,616)
Net income	\$ 226,733	\$ 133,161

* Included in Costs and Expenses, Depreciation and Amortization: \$125,254,000 in 1986 and \$115,578,000 in 1985.

	Assets (000's)	
As of Dec. 31	1986	1985
Cash & market secur.	\$ 55,539	\$ 28,513
Accts. & notes receiv., net	567,788	583,426
*Inventories	456,494	433,832
Current Assets	\$ 1,079,821	\$ 1,045,771
Investments & advances	575,036	542,745
*Fixed assets	1,152,141	1,000,212
Other assets	107,321	70,094
Total Assets	\$ 2,914,319	\$ 2,658,822

	Liabilities (000's)	
Short-term debt	\$ 69,749	\$ 114,470
Accts. payable	156,327	156,296
Accruals	154,411	114,697
Income taxes	39,196	30,393
Curr. Liabilities	\$ 419,683	\$ 415,856
Long-term debt	546,113	530,779
Pension reserve	66,954	66,617
Deferred inc. taxes	178,418	171,369
+Common stock	28,967	28,754
Add. paid-in capital	270,178	255,503
Foreign currency adjustment	(41,858)	(123,008)
Retained earnings	1,470,547	1,337,630
Treasury stock	(24,683)	(24,678)
Total Liabilities & Shareholders' Equity	\$ 2,914,319	\$ 2,658,822

* At lower of cost or market. Domestic inventories at LIFO; foreign at average cost.
 † Less accumulated depreciation and amortization.
 + \$25/48 stated value.

Statistical Summary		
%Income bef. Taxes		
to Sales	8.31	4.70
%Net Income to Sales	8.87	5.15
%Net Income to Equity	13.31	9.03
Sales to Inventories	5.73	5.96
Debt to Equity	0.36	0.44
Working Capital	\$ 660,138,000	\$ 629,915,000
Current Ratio	2.57	2.51
Shareholders' Equity	\$1,703,151,000	\$1,474,201,000

Howard B. Wolf, Inc.

3809 Parry Avenue
 Dallas, Texas 75226
 (214) 823-9941

Officers: Howard B. Wolf, chairman; Robert D. Wolf, president; Eugene K. Friesen, Jr., v.p. & treasurer.

Directors: Howard B. Wolf*, Eugene K. Friesen*, Robert D. Wolf*, Joel Held, Juan Villamizar.

* Member of the Executive Committee.

Business Activities: Manufactures women's apparel.

Trademarks and/or Brand Names: Howard Wolf, Pre-A-Porte, Ernesto W., Howard Wolf Sportswear, Howard Wolf Dress.

Plant Location(s): Dallas & Greenville, Texas

Divisions:

Howard Wolf
 3809 Parry Avenue
 Dallas, Texas 75226

Designs and manufactures dresses and ensembles for women between 18 and 35 years of age, under the brand name "Howard Wolf".

Howard Wolf Sportswear
 3809 Parry Avenue
 Dallas, Texas 75226

Designs and manufactures sportswear, including separate skirts, pants, tops, jackets and sweaters in coordinated groups for the young woman.

Transfer Agent(s):

RepublicBank Dallas, N.A.
 Dallas, Texas 75201

Stock Exchange(s): American

Ticker Symbol: HBW

Sales and Earnings

	Net Sales	Net Income*
1986	\$ 8,701,419	\$ (575,681)
1985	9,075,119	(314,306)
1984	8,612,614	357,037
1983	6,938,112	70,287
1982	7,223,289	285,835

	No. of Com. Shares	Earn. per Share †
1986	1,081,191	\$ —
1985	1,081,191	—
1984	1,081,191	0.24
1983	1,081,191	0.07
1982	1,081,191	0.26

(Loss)
 † Based on the weighted average number of common shares and common share equivalents outstanding.

* Including extraordinary gains of \$28,060 (\$0.03 per share) in 1984, \$27,362 (\$0.03 per share) in 1983 and \$126,688 (\$0.11 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 4,665,706	\$ 4.32
1985	5,241,387	4.85
1984	5,555,655	5.14
1983	5,300,092	4.90
1982	5,229,805	4.84

Income Account *

Year ended May 31	1986	1985
Net sales	\$ 8,701,419	\$ 9,075,119
Cost of sales	6,768,568	6,984,841
Expenses	2,483,206	2,475,103
Interest expense	111,744	47,520
Interest income	(43,848)	(53,447)
Other income	(42,570)	(64,592)
Loss before taxes	\$ (575,681)	\$ (314,306)
Tax credit	—	(108,157)
Net Loss	\$ (575,681)	\$ (206,149)

* Included in Costs and Expenses, Depreciation and Amortization: \$103,014 in 1985 and \$78,531 in 1984.

	Assets	
As of May 31	1986	1985
Cash & cash equiv.	\$ 769,396	\$ 1,026,475
Accts. receiv., net	1,173,501	1,258,532
*Inventories	2,940,017	3,515,737
Prepaid expenses	145,692	179,501
Refundable income taxes	—	98,945
Income tax benefit	26,226	26,226
Current Assets	\$ 5,054,832	\$ 6,105,416

*Fixed assets	935,977	982,721
Prop. not used in oper.	89,508	93,061
Other assets	61,908	67,902
Total Assets	\$ 6,142,225	\$ 7,249,100

Liabilities

Long-term debt, curr.	\$ 35,167	\$ 29,786
Accts. payable & accruals	833,235	1,297,980
Notes payable, curr.	563,337	40,000
Curr. Liabilities	\$ 1,431,739	\$ 1,367,766
Mortgage payable	—	560,000
Long-term debt	25,557	60,724
Deferred Federal income tax	19,223	19,223
+Common stock	360,400	360,400
Add. paid-in capital	2,034,088	2,034,088
Retained earnings	2,271,218	2,846,899

Total Liabilities & Shareholders' Equity	\$ 6,142,225	\$ 7,249,100
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* At lower of cost or replacement market and at lower of average cost or net realizable value.
 † Less accumulated depreciation and amortization.
 + \$0.33 1/2 par value.

Statistical Summary

Sales to Inventories	0.30	2.58
Debt to Equity	0.01	0.02
Working Capital	\$3,623,093	\$4,737,650
Current Ratio	3.53	4.46
Shareholders' Equity	\$4,665,706	\$3,241,387

Instrument Systems Corporation

100 Jericho Quadrangle
 Jericho, New York 11753
 (516) 938-5544

Officers: Harvey R. Blau, chairman; Robert Baleman, president; Myron I. Levy, v.p.; Herbert J. Fleming, v.p.; Susan E. Reilly, secretary; Patrick L. Alesia, treasurer.

Directors: Bertrand Bell, Abraham Buchman, J. Jud Cooperstein, Turner F. Caldwell, Roy Carol, J. Frank Siengel, Jr., William H. Waldorf, Robert Baleman, Harvey R. Blau, Clarence A. Hill, Jr., Robert Berman, Robert Bradley.

Business Activities: Through its Oneita Industries subsidiary, the company manufactures and distributes basic apparel products such as T-shirts sold to screen printers, and sportswear, underwear, infantwear and other knit products primarily sold to major mass merchandisers.

Trademarks and/or Brand Names: Charleston Traders, Georgetown Classics, Oneita Power-T, Terry Bear, Soupcou.

Textile Subsidiary:

Oneita Industries
 P.O. Drawer 24
 Andrews, South Carolina 29510
 (803) 264-5225

Transfer Agent(s):

American Stock Transfer Company
 New York, New York

Stock Exchange(s): American

Ticker Symbol: ISY

Sales and Earnings

	Net Sales †	Net Income *
1986	\$ 237,353,000	\$ 8,102,000
1985	182,470,800	9,147,000
1984	115,374,000	6,592,000

Instrument Systems Corporation

1983	106,072,000	4,633,000
1982	104,273,000	(14,765,000)
	No. of Com. Shares	Earn. per Share \$ +
1986	30,185,512	\$ 0.25
1985	30,306,294	0.33
1984	21,394,985	0.29
1983	20,734,122	0.27
1982	7,555,392	—

(Loss)

‡ Of continuing operations only.

Including extraordinary gains of \$3,576,000 (\$0.11 per share) in 1986, \$4,500,000 (\$0.16 per share) in 1985, \$2,800,000 (\$0.12 per share) in 1984, \$2,250,000 (\$0.13 per share) in 1983 and \$2,000,000 (\$0.29 per share) in 1982.

+ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Home furnishings & furn. related products	\$ 67,079,000	\$ 39,908,000
Electronic comm. equipment	54,129,000	54,050,000
Specialty plastic films	12,228,000	—
Textiles	74,751,000	60,371,000
Other prods.	29,166,000	28,141,000
Total	\$ 237,353,000	\$ 182,470,000

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	\$ 52,692,000	\$ 1.75
1985	46,766,000	1.54
1984	24,066,000	1.12
1983	16,479,000	0.79
1982	14,148,000	1.87

‡ After allowing for preferred stock Second Series I at liquidation value.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	\$ 237,353,000	\$ 182,470,000
Cost of sales	182,049,000	140,757,000
Expenses	43,923,000	32,112,000
Interest expense	2,532,000	3,505,000
Other income	(125,000)	(3,451,000)
Income bef. taxes	\$ 8,974,000	\$ 9,547,000
Income taxes	4,448,000	4,900,000
Net income	\$ 4,526,000	\$ 4,647,000
Extraordinary gain	3,576,000	4,500,000
Net income & extraord. gain	\$ 8,102,000	\$ 9,147,000

* Included in Costs and Expenses, Depreciation and Amortization: \$5,502,000 in 1986 and \$4,015,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash & cash equiv.	\$ 11,473,000	\$ 35,846,000
Accts. receiv., net	34,712,000	19,134,000
Inc. not yet billed	5,136,000	1,955,000
*Inventories	61,521,000	33,840,000
Prepaid expenses	3,717,000	4,778,000
Current Assets	\$ 116,559,000	\$ 95,553,000
#Fixed assets	50,519,000	28,836,000
Other assets	29,691,000	11,517,000
Total Assets	\$ 196,769,000	\$ 135,906,000

Liabilities

Notes payable	\$ 7,678,000	\$ 9,028,000
Long-term debt, curr.	3,260,000	3,846,000
Accts. payable	27,189,000	11,380,000
Accruals	30,207,000	15,285,000
Cur. Liabilities	\$ 68,334,000	\$ 39,539,000

Long-term debt	48,949,000	24,501,000
Cap. lease oblig.	5,721,000	5,218,000
Liab. of emp. stock ownership plan	4,000,000	2,440,000
Deferred income	—	369,000
+ Preferred stock:		
Series A	2,000	2,000
Series I	427,000	427,000
+ Common stock	7,585,000	7,615,000
Add. paid-in capital	83,354,000	86,976,000
Deficit	(14,990,000)	(23,092,000)
Deferred comp.	(5,163,000)	(3,701,000)
Treasury stock	—	(2,938,000)
Redempt. val. Series A pref. stock	(700,000)	(700,000)
Receiv. offset pursuant to purchase agreement	(750,000)	(750,000)
Total Liabilities & Shareholder's Equity	\$ 196,769,000	\$ 135,906,000

* At lower of cost (FIFO or average) or market.
Less accumulated depreciation.
+ \$0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.78	5.23
%Net Income to Sales	1.91	2.55
%Net Income to Equity	6.49	14.33
Sales to Inventories	3.86	5.39
Debt to Equity	0.70	0.67
Working Capital	\$48,225,000	\$56,014,000
Current Ratio	1.71	2.42
Shareholders' Equity	\$69,765,000	\$63,839,000

INTERCO Incorporated

INTERCO Corporate Tower
101 South Hanley Road
St. Louis, Missouri 63105
(314) 863-1100

Officers: Harvey Saligman, chairman & chief exec. officer; Ronald L. Aylward, vice chairman; Harry M. Krogh, president & chief operating officer; Eugene F. Smith, sr. v.p.-finance; Mark H. Lieberman, J. Carl Powers, Charles J. Rothschild, Jr., Nathan S. Ancell, v.p.'s; Duane A. Patterson, secretary; Robert T. Hensley, Jr., treasurer; Stanley F. Huck, controller; Keith E. Masters, gen. counsel & asst. secretary; James K. Pendleton, asst. secretary; William R. Withrow, asst. treasurer; Russell L. Beumann, asst. controller.

Directors: Nathan S. Ancell, Ronald L. Aylward*, Zane E. Barnes, Thomas H. O'Leary, Charles J. Rothschild, Jr., Harvey Saligman*, Stanley M. Cohen, Harry M. Krogh*, Robert H. Quenon, Donald E. Lasater*, Lee M. Liberman, Marilyn S. Lewis.

* Member of the Executive Committee.

Operating Groups:

Apparel Manufacturing Group

Designs, manufactures and distributes a full range of popular-priced branded and private-label sportswear, casual apparel and outer garments and headwear for men and women. Sportswear and casual apparel is produced in 145 apparel manufacturing plants and shipped to customers from 12 major distribution centers. The principal products for men include: woven and knit slacks, knit shirts — both sport and dress, sport coats, three-piece vested casual sport suits, rainwear, golf jackets, heavy outer garments, car coats, stadium coats, sweaters, jeans, western wear, outerwear, headwear, swim wear and walk shorts. For women: sweaters, slacks, skirts, vests, jackets, shirts, jeans, suits, dresses, pants, blouses, T-shirts, jumpers, culottes, blazers, rainwear, headwear, golf jackets, heavy outer garments, car coats and stadium coats. Major apparel brands for men include: Big Yank, Campus, Campusport, Chuck's, Clipper Mist, Converse, Cowden, Cowden Genes, Le Tigre, Drnegal, JJ Cochran, Ed McMahon, John Alexander, London Fog, London Towne, Maincoats, Outdoors Unlimited, Private Line, Prince Bellini, Sportabouts, Tempo Europa, Rough Rider, Rugged Country, Tour de France, Startown, Tailor's Bench, Winning Edge. For women include: College-Town, Devon, It's Pure Gould, Lady Devon, London Fog, Pant-hor, Maincoats, Queen Casuals, Stuffed

Shirt, Outdoors Unlimited, The Petite Concept, REJOICE!, Abe Schrader, Blake, Candie's, C'est Petite, Chuck's, Converse, Cowden Genes, CT Sport, John Alexander, London Towne, Mallory & Crew, Ms. Blake, Schrader Sport Dresses, Schrader Sport Separates, Smith & Jones, Smith & Jones For Her, Smith & Jones Petites, Tour de France, Two Rivers, Vivaldi, Winning Edge.

Abe Schrader Corporation
New York, New York

Big Yank Corporation
350 Fifth Avenue
New York, New York 10001
(212) 736-9393

Cowden Manufacturing Company
300 New Circle Road N.W.
Lexington, Kentucky 40501
(606) 254-6627

Campus Sportswear Company
Mack Centre Drive
Paramus, New Jersey 07652
(201) 262-9100

The Biltwell Company, Inc.
1128 Washington
St. Louis, Missouri 63103
(314) 231-3850

Devon Apparel, Inc.
3300 Frankford Avenue
Philadelphia, Pennsylvania 19134
(215) 739-2000

College-Town, Inc.
College-Town Drive
Braintree, Massachusetts 02184
(617) 848-1200

International Hat Company
St. Louis, Missouri

Queen Casuals, Inc.
10175 Northeast Avenue
Philadelphia, Pennsylvania 19116
(215) 677-3000

London Town Corporation
London Town Road
Eldersburg, Maryland 21784
(301) 795-5900

Stuffed Shirt Inc.
1407 Broadway
New York, New York 10018
(212) 997-1000

General Retail Merchandising Group

Operates 201 junior department stores, discount stores, men's and women's specialty apparel shops and supermarket-type hardware, lumber and building materials stores. The principal regional trading names include: Central Hardware, Fine's, Golde's, Sky City Discount Centers, Jeans Galore, and United Shirt.

Sky City Stores, Inc.
Asheville, North Carolina

Central Hardware Company
St. Louis, Missouri

Fine's Men's Shops, Inc.
1164 Azalea Garden Road
P.O. Box 749
Norfolk, Virginia 23501
(703) 857-6013

Golde's Department Stores, Inc.
St. Louis, Missouri

United Shirt Distributors, Inc.
1927 Michigan Avenue
Detroit, Michigan
(313) 962-9893

Footwear Manufacturing and Retailing Group

Styles, manufactures and distributes primarily men's footwear in most major price categories in the United States and Canada, and manufactures and wholesales men's footwear in Australia. Facilities include 14 shoe manufacturing plants and 5 major distribution centers. The company also operates 820 retail shoe stores and leased shoe departments in 43 states in the

Jack Winter, Inc.

U.S., Canada, Mexico and Australia. Major footwear retail trading names include: Florsheim Shoe Shops for men, Florsheim Thayer McNeil Men's and Women's Shops, Thompson, Boland & Lee, and Express Shop. Major footwear brands for men include: Ambassador, Florsheim, Florsheim Imperial, Royal Imperial by Florsheim, Hy-Test, Idlers by Florsheim, Weeds from Florsheim, Julius Marlow, Outdoorsman, Winthrop, Worthmore, Converse among others; for women: Avenue, Converse, Thayer McNeil, Florsheim, Marshmallows, among others.

The Florsheim Shoe Company
Canal, Adams & Clinton Street
Chicago, Illinois 60606
(312) 329-7500

International Shoe Company
1509 Washington Avenue
St. Louis, Missouri 63166
(314) 342-7000

Senack Shoes, Inc.
1248 Andes Boulevard
St. Louis, Missouri 63132
(314) 997-0330

Furniture and Home Furnishings Group

Manufactures and distributes quality Broyhill furniture and home furnishings under the name of Ethan Allen/King and Restocrat. There are 48 factories and 12 distribution centers and consolidated warehouses located throughout the United States. Major retail trading names include: Carriage House, Georgetown Manor, Manor House, Broyhill Showcase Gallery and Georgetown.

Ethan Allen, Inc.
Danbury, Connecticut

Broyhill Furniture Industries, Inc.
Lenoir, North Carolina

Acquisition(s):

Highland House, Inc.
Hickory, North Carolina
Manufactures upholstered furniture.

Converse Inc.
North Reading, Massachusetts
Manufactures athletic footwear.

The Lane Company, Incorporated
Altavista, Virginia
Manufactures furniture.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
New York, New York 10249
(212) 587-6434

Mercantile Bank, National Association
St. Louis, Missouri 63166
(314) 425-2755

Stock Exchange(s): New York, Midwest (common shares only).

Ticker Symbol: ISS

Sales and Earnings			
	Net Sales (000's)	Net Income (000's)	
1987	\$ 2,613,739	\$ 98,643	
1986	2,510,740	92,347	
1985	2,625,746	92,163	
1984	2,678,886	116,194	
1983	2,566,606	85,762	
	No. of Com. Shares +	Earn. per Share +	
1987	31,541,000	\$ 3.13	
1986	31,641,000	2.92	
1985	32,459,000	2.22	
1984	33,124,000	3.51	
1983	32,858,000	2.61	

+ Based on the average number of common shares and common share equivalents outstanding fully diluted adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1987	1986
Apparel	\$ 817,660	\$ 907,833
General retail	498,324	461,785
Footwear	663,521	558,286
Furniture	634,234	582,836
Total	\$ 2,613,739	\$ 2,510,740

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$1.57	—	2-for-1
1986	1.54	—	—
1985	1.515	—	—
1984	1.44	—	—
1983	1.44	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1987	\$1,087,153,000	\$ 38.06
1986	1,045,266,000	36.52
1985	991,460,000	35.22
1984	1,020,754,000	34.41
1983	932,417,000	32.32

+ After allowing for preferred shares at stated and involuntary liquidating value.

‡ Based on the average number of common shares and common share equivalents outstanding assuming full dilution adjusted to reflect stock split.

Income Account * (000's)

Year ended	2/28/87	2/28/86
Net sales	\$ 2,613,739	\$ 2,510,740
Other income	29,043	32,230
Total income	\$ 2,642,782	\$ 2,542,970
Cost of sales	1,786,779	1,725,343
Expenses	639,741	613,249
Interest expense	28,082	25,523
Income before taxes	\$ 188,180	\$ 178,855
Income taxes	89,537	86,508
Net Income	\$ 98,643	\$ 92,347

* Included in Costs and Expenses, Depreciation: \$44,853,000 in 1986 and \$44,643,000 in 1985.

Assets (000's)

As of	2/28/87	2/28/86
Cash	\$ 15,810	\$ 12,194
Marketable secur.	11,425	98,123
Accts. receiv., net	378,615	333,553
*Inventories	692,637	609,017
Prepaid expenses & other current assets	24,114	21,039
Current Assets	\$ 1,122,601	\$ 1,073,926
#Fixed assets	438,565	393,042
Other assets	159,546	94,872
Total Assets	\$ 1,720,712	\$ 1,563,840
Liabilities (000's)		
Notes payable	\$ 68,840	\$ —
Long-term debt, curr.	11,915	9,647
Accts. payable & accruals	242,508	209,110
Income taxes	9,446	7,987
Curr. Liabilities	\$ 332,709	\$ 226,744

Long term debt	135,019	127,909
Cap. lease oblig.	50,546	56,495
Other long-term liabilities	53,490	41,899
+ Preferred stock	61,795	66,027
+ + Common stock	120,113	119,038
Add. paid-in capital	107,905	102,380
Retained earnings	955,610	905,587
Treasury stock	(96,475)	(81,739)

Total Liabilities & Shareholders' Equity \$ 1,720,712 \$ 1,563,840

* At lower of cost (FIFO) or market except footwear at LIFO.
Less accumulated depreciation.
+ No par value; \$100 stated value.
+ + \$7.50 stated value.

Statistical Summary

%Income bef. Taxes to Sales	7.20	7.12
%Net Income to Sales	3.77	3.68
%Net Income to Equity	8.59	8.31
Sales to Inventories	3.77	4.12
Debt to Equity	0.12	0.17
Working Capital	\$ 789,892,000	\$ 847,182,000
Current Ratio	3.37	4.74
Shareholders' Equity	\$1,148,948,000	\$1,111,293,000

Jack Winter, Inc.

8100 North Teutonia Avenue
Milwaukee, Wisconsin 53209
(414) 357-4840

Officers: Jack A. Winter, chairman of the board & chief executive officer; Jack R. Winter, president & treasurer; Ken J. Pleimann, v.p.-finance & secretary; Michael Winter, v.p. & pres., Jack Winter Apparel, Inc.; Richard H. Miller, asst. secretary.

Directors: Jack A. Winter, Jack R. Winter, Michael Winter, Gerald F. Lahey, Robert J. Maier, Elmer L. Winter.

Business Activities: Engaged in the production and sale of women's sportswear, including skirts, shirt jackets, coordinates, blazers, pants, and cardigans.

Trademarks and/or Brand Names: Jack Winter, Clothes-works.

Plant Location(s): Milwaukee, Wis.

Subsidiaries:

Jack Winter Apparel, Inc.

Transfer Agent(s):

First Wisconsin Trust Company
Milwaukee, Wisconsin

Stock Exchange(s): New York

Ticker Symbol: JW1

Sales and Earnings

	Net Sales +	Net Income †
1986	\$ 46,979,000	\$ (748,000)
1985	40,488,000	1,571,000
1984	47,950,000	(10,375,000)
1983	41,047,000	1,441,000
1982	28,899,000	303,000
	No. of Com. Shares	Earn. per Share ‡
1986	3,645,608	\$ —
1985	3,645,521	0.43
1984	3,645,445	—
1983	3,641,320	0.39
1982	3,719,372	0.08

Jack Winter, Inc.

(Loss)

+ Of continuing operations only.

† Including extraordinary gains of \$174,000 (\$0.16 per share) in 1985, \$603,000 (\$0.17 per share) in 1984 and \$160,000 (\$0.04 per share) in 1983.
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.31	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	—	—	—

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 18,288,000	\$ 5.02
1985	19,597,000	5.38
1984	18,026,000	4.94
1983	18,887,000	7.93
1982	28,129,000	7.56

Income Account *		
Year ended	1/3/87	1/4/86
Net sales	\$ 46,979,000	\$ 40,488,000
Cost of sales	32,434,000	26,754,000
Expenses	15,124,000	12,083,000
Interest expense	168,000	218,000
Gain on invest.	(54,000)	(183,000)
Income (loss) before taxes	\$ (693,000)	\$ 1,616,000
Income taxes	55,000	219,000
Net Income (Loss)	\$ (748,000)	\$ 1,397,000
Extraord. credit	—	174,000
Net Income (Loss) & extraord. credit	\$ (748,000)	\$ 1,571,000

* Included in Costs and Expenses, Depreciation: \$913,000 in 1986 and \$838,000 in 1985.

Assets		
As of	1/3/87	1/4/86
Cash & cash equiv.	\$ 575,000	\$ 327,000
Market securities	4,455,000	1,914,000
Accts. receiv., net	4,487,000	5,700,000
*Inventories	15,706,000	10,600,000
Prepaid expenses & other assets	397,000	516,000
Current Assets	\$ 25,620,000	\$ 19,057,000
†Fixed assets	6,191,000	5,501,000
Invest. in securities	1,669,000	4,352,000
Other assets	438,000	369,000
Total Assets	\$ 33,918,000	\$ 29,279,000

Liabilities		
Notes payable	\$ 11,041,000	\$ 6,465,000
Accts. payable	3,345,000	2,269,000
Dividends payable	190,000	—
Accrued payroll & fringe benefits	646,000	398,000
Other accruals	245,000	362,000
Curr. Liabilities	\$ 15,467,000	\$ 9,494,000
Cap. lease oblig.	163,000	188,000
+ Common stock:		
Class A	3,811,000	3,811,000
Class B	2,164,000	—
Add. paid-in capital	313,000	313,000
Retained earnings	15,556,000	16,866,000
Treasury stock	(3,556,000)	(1,393,000)
Total Liabilities & Shareholders' Equity	\$ 33,918,000	\$ 29,279,000

* At lower of cost (FIFO) or market.

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.99
%Net Income to Sales	—	3.45
%Net Income to Equity	—	7.13
Sales to Inventories	2.99	3.82
Debt to Equity	0.61	0.34
Working Capital	\$10,153,000	\$ 9,563,000
Current Ratio	1.66	2.01
Shareholders' Equity	\$18,288,000	\$19,597,000

Jay Jacobs, Inc.

1530 5th Avenue
Seattle, Washington 98101
(206) 622-5400

Officers: J. Jay Jacobs, chairman; Douglas A. Swerland, president; Craig Bohman, exec. v.p., chief financial officer & treasurer; Doris Williams, sr. v.p., administration & secretary; Larry Youngren, sr. v.p., store planning; Celestina Siz, v.p. & managing dir.-D.D. Sloane Division; Robley Thomason, v.p. & gen. mdc. mgr.-womenswear; Mary Ann Carson, v.p. & gen. mdc. mgr.-menswear; Michelle Clements, dir.-stores.

Directors: J. Jay Jacobs, chairman; Craig Bohman, Douglas A. Swerland, Doris Williams.

Business Activities: Through its D.D. Sloane wholesale division, the Company imports and distributes women's sportswear, dresses and accessories which are sold to specialty retailers and department stores, as well as through the company's 121 specialty retail stores located in nine western states.

Trademarks and/or Brand Names: D.D. Sloane, J. Jordan, Private Edition, Sloane Sport, Jay Jacobs.

Divisions:

D.D. Sloane Wholesale Division
Retail Division

Transfer Agent(s):

The First Jersey National Bank

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JAYJ (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income †
1987	\$ 93,393,000	\$ 3,508,000
1986	81,147,000	2,150,000
1985	70,595,000	1,016,000
1984	49,689,000	1,909,000
1983	32,383,000	747,000
	No. of Com. Shares +	Earn. per Share ‡
1987	4,785,689	\$ 0.69
1986	4,439,400	0.42
1985	4,459,650	0.20
1984	4,480,050	0.37
1983	N.A.	0.14

N.A. - Not Available.

† Including extraordinary gain of \$130,000 (\$0.02 per share) in 1984 and \$9,000 in 1983.

+ Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business		
	1987	1986
Apparel retail	\$ 71,387,000	\$ 60,400,000
Apparel wholesale	16,691,000	24,633,000
Intersegment	4,685,000	(3,906,000)
Total	\$ 93,393,000	\$ 81,147,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2
Common Stock Equity			Equity Per Share ‡
	Total Equity		
1987	\$ 11,947,977		\$ 2.50
1986	7,516,633†		1.69
1985	5,446,196†		1.22
1984	4,960,285†		1.11

† After allowing for preferred stock at stated value.

‡ Adjusted to reflect stock split.

Income Account

Year ended Feb. 18	1987	1986
Net sales	\$ 93,393,280	\$ 81,147,050
Cost of sales	61,630,238	54,259,193
Expenses	21,962,662	19,521,501
Depreciation & amortization	2,403,471	2,213,284
Interest expense	756,712	1,212,487
Interest income	(117,506)	(80,213)
Income before taxes	\$ 6,757,703	\$ 4,020,798
Income taxes	3,250,000	1,871,000
Net Income	\$ 3,507,703	\$ 2,149,798
Assets		
As of Feb. 28	1987	1986
Cash	\$ 3,540,235	\$ 602,022
Accts. receiv., net	2,963,648	2,726,770
Refundable taxes	—	1,022,691
*Inventories	12,311,956	9,965,905
Prepaid expenses	40,422	301,424
Deferred inc. taxes	29,000	33,350
Current Assets	\$ 18,885,261	\$ 14,652,162
†Fixed assets	7,770,774	8,161,497
Total Assets	\$ 26,656,035	\$ 22,813,659

Liabilities		
Notes payable	\$ —	\$ 1,000,000
Long-term debt, curr.	1,000,000	1,000,000
Accts. payable	7,043,128	4,713,283
Accrued payroll	904,588	911,482
Other accruals	1,384,880	1,556,756
Income taxes	516,151	139,722
Note payable to shareholder	—	50,000
Curr. Liabilities	\$ 10,848,747	\$ 9,371,243
Long-term debt	2,416,667	3,416,667
Accrued interest expense	1,026,228	888,290
Deferred credits	416,416	479,896
Preferred stock	—	1,140,930
+ Common stock	1,170,490	29,596
Retained earnings	10,777,487	7,487,037
Total Liabilities & Shareholders' Equity	\$ 26,656,035	\$ 22,813,659

* At lower of cost or market.

† Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.24	4.95
%Net Income to Sales	3.76	2.65
%Net Income to Equity	29.36	24.83
Sales to Inventories	7.59	8.14
Debt to Equity	0.29	0.51
Working Capital	\$ 8,036,514	\$5,280,919
Current Ratio	1.74	1.56
Shareholders' Equity	\$11,947,977	\$8,657,563

Johnston Industries, Inc.

Jays Industries, Inc.

24 Sixth Avenue
Brooklyn, New York 11217
(212) 622-0151

Officers: Sidney Zipper, chairman of the board, president & secretary; Jay Zipper, exec. v.p.; Stuart H. Jaffe, treasurer & secretary.

Directors: Sidney Zipper, chairman; Stuart H. Jaffe, Howard Schaffer, Jerrold M. Sonet, Jay Zipper.

Business Activities: Manufactures and sells jeans, shirts, uniforms and other apparel; items and plastic hangers; supplies trimmings, zippers, linings and related items to the garment industry; also provides medical services through its 80%-owned subsidiary, CIA/T-ECG, Inc.

Trademarks and/or Brand Names: Seafarer, Lady Seafarer, Sea-Tuff, Skipper, Chief, Maurice Sasson, Zipper, Hotstuff, Demuts.

Locations(s): Brooklyn, N.Y.; Hialeah, Florida.

Divisions and Subsidiaries:

Apparel Division

SGT Corporation
24 Sixth Avenue
Brooklyn, New York 11217

SGT Designer Fashions Inc.
24 Sixth Avenue
Brooklyn, New York 11217

Seagoing Uniform Corporation
24 Sixth Avenue
Brooklyn, N.Y. 11217

Seafarer Jeans & Casuals, Ltd.
24 Sixth Avenue
Brooklyn, N.Y. 11217

Transfer Agent(s):

Columbia Transfer Company
Bethpage, New York 11714

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales +	Net Income
1985	\$ 8,480,229	\$ (118,721)
1984	7,555,130	97,860
1983	10,352,555	174,865
1982	12,628,529	(208,547)
1981	15,123,472	(1,429,643)

No. of Com. Shares Earn. per Share †

1985	319,010	\$ —
1984	319,010	0.30
1983	322,210	0.52
1982	369,980	—
1981	389,380	—

(Loss)

+ Of continuing operations only.

† Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	\$ 3,289,215	\$ 10.31
1984	3,407,936	10.68
1983	3,318,271	10.30
1982	3,278,079	8.86
1981	3,532,326	9.07

‡ After allowing for preferred stock at par value.

Income Account *

Year ended June 30	1985	1984
Net sales	\$ 8,480,229	\$ 8,555,130
Cost of sales	6,974,308	6,684,026

Expenses	1,865,236	1,994,372
Interest expense	156,609	165,255
Invest. income	(212,879)	(271,547)
Other income	(276,653)	(161,846)
Amort. of excess over value	65,265	65,265
Minority interest	—	(2,000)
Income (loss) bef. taxes	\$ (91,657)	\$ 81,605
Income taxes (credit)	(27,064)	(16,255)
Net Income (Loss)	\$ (118,721)	\$ 97,860

* Included in Costs and Expenses, Depreciation and Amortization: \$65,265,000 in 1985 and \$65,265,000 in 1984.

As of June 30	1985	1984
Cash	\$ 49,418	\$ 354,281
Investments in secur.	2,299,091	2,310,885
Interest and dividends receiv.	64,738	59,340
Net investment	50,380	14,296
Accts. receiv., net	841,408	520,942
*Inventories	1,331,790	1,362,188
Notes receivable	34,582	46,783
Tax benefit receivable	104,890	170,080
Prepaid expense	35,074	28,257
Current Assets	\$ 4,811,371	\$ 4,867,052
*Fixed assets	695,575	937,004
Other assets	1,150,011	1,238,567
Total Assets	\$ 6,656,957	\$ 7,042,623

Notes payable	700,000	\$ 530,000
Accts. payable	1,320,459	1,340,572
Accruals	262,702	482,670
Income taxes	3,480	2,781
Long-term debt	630,046	694,199
Due to broker	405,949	172,728

Curr. Liabilities	\$ 3,322,636	\$ 3,222,950
Long-term debt	30,206	396,837
+ Preferred stock	14,900	14,900
+ + Common stock	5,340	5,340
Add. paid-in capital	1,224,973	1,224,973
Retained earnings	2,702,562	2,821,283
Treasury stock	(628,731)	(628,731)
Pref. shares issued	(14,929)	(14,929)
Total Liabilities & Shareholders' Equity	\$ 6,656,957	\$ 7,042,623

* At lower of cost (FIFO) or market.
† Less accumulated depreciation and amortization.
‡ \$100 par value; 4% cumulative.
+ + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.95
%Net Income to Sales	—	1.14
%Net Income to Equity	—	2.86
Sales to Inventories	6.37	6.28
Debt to Equity	0.22	0.27
Working Capital	\$1,488,735	\$1,644,102
Current Ratio	1.45	1.51
Shareholders' Equity	\$3,304,115	\$3,422,836

Johnston Industries, Inc.

(46.5%-owned by Reulaw Industries, Inc.)

30 Rockefeller Plaza
New York, New York 10020
(212) 247-5460

Officers: David L. Chandler, chairman of the board & chief exec. officer; Rainer H. Boselmann, vice chairman; Samuel Herskovitz, v.p., treasurer & secretary.

Directors: David L. Chandler, chairman; Rainer H. Boselmann, William J. Hart, Otto Hays, Seymour Shakin.

Business Activities: Manufactures textiles for the industrial, home furnishings, and apparel industries.

Plant Location(s): Opp, Phenix City, Alabama; Gastonia, North Carolina.

Divisions and Subsidiaries:

The Johnston Group Inc.

Southern Phenix Textiles, Inc.
Phenix City, Alabama

Manufactures woven fabrics from 100% poly ester for use primarily in the automotive industry, in the bedding and furniture industries, and for the coating and laminating trades. Products include backings for foam car seat cushions, tufted upholstery and marine coated products, mattress ticking for popularly priced mattresses, and products for use in soft furniture.

Opp and Nicolas Mills, Inc.
Opp, Alabama

Manufactures more than 50 different styles (in the greige state) of all cotton fabric and cotton/polyester blended fabrics for the coating, home furnishing and apparel markets. Products include coated fabrics for car interiors, raincoats, firemen's gear, and apparel and specialty items such as luggage, handbags, and shoes.

Wales Manufacturing Company, Inc.
Gastonia, North Carolina

Manufactures knit fabrics for the apparel industry in a wide range of styles for sale to manufacturers of men's, women's and children's knitwear.

Transfer Agent(s):

The Bank of New York
48 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: JII

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 115,078,000	\$ 9,648,000
1985	111,415,000	5,586,000
1984	12,246,000	635,000
1983	—	320,000
1982*	—	1,095,000

No. of Com. Shares ‡ Earn. per Share ††

1986	5,212,000	\$ 3.00
1985	2,459,000	2.27
1984	1,922,000	0.33
1983	1,922,000	0.17
1982*	1,922,000	0.57

* 6 months.

† Including extraordinary gain of \$412,000 (\$0.21 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 33,691,000	\$ 10.49
1985	24,043,000	7.49
1984	1,020,000	5.73
1983	10,385,000	5.40
1982	10,065,000	5.24

Income Account (000's)

Year ended June 30	1986	1985
Net sales	\$ 115,078	\$ 111,415
Cost of sales	91,191	90,635
Expenses	7,440	7,277
Depreciation & amortization	3,043	2,580
Other expense (income)	(1,451)	2,890
Income before taxes	\$ 14,835	\$ 8,013

Johnston Industries, Inc.

Income taxes	4,549	2,962
Inc. - cont. oper.	\$ 10,306	\$ 5,051
Inc. (loss) - discont. oper.	(658)	535
Net Income:	\$ 9,648	\$ 5,586

	Assets (000's)	
As of June 30	1986	1985
Cash	\$ 19,228	\$ 14,018
Accts. receiv., net	10,376	9,372
*Inventories	19,505	22,105
Deferred inc. taxes	1,545	—
Prepaid expenses	5,931	3,140
Current Assets	\$ 56,585	\$ 48,635
#Fixed assets	22,934	21,294
Other assets	3,591	3,316
Total Assets	\$ 83,110	\$ 73,245

	Liabilities (000's)	
Long-term debt, curr.	\$ 5,047	\$ 5,151
Accts. payable	5,515	5,821
Accruals	8,448	5,515
Income taxes	1,440	372
Other curr. liabilities	78	684
Curr. Liabilities	\$ 20,528	\$ 17,543
Long-term debt	23,048	27,563
Other liabilities	5,843	4,096
+ Common stock	337	337
Add. paid-in capital	13,920	13,920
Retained earnings	19,820	10,172
Treasury stock	(386)	(386)
Total Liabilities & Shareholders' Equity	\$ 83,110	\$ 73,245

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$0.10 par value.

Statistical Summary		
%Net Income to Equity	28.64	23.23
Sales to Inventories	5.90	5.04
Debt to Equity	0.83	1.36
Working Capital	\$36,057,000	\$31,092,000
Current Ratio	2.76	2.77
Shareholders' Equity	\$33,691,000	\$24,043,000

Johnston, Inc.

5501 Norman Center Drive
Minneapolis, Minnesota 55437
(612) 830-3300

Officers: H. William Lorton, chairman of the board & chief executive officer; Robert W. Leslie, president & chief operating officer; Don C. Lein, exec. v.p.-finance & administration & secretary; Gary L. Buckmiller, sr. v.p.-education; Robert L. Pope, sr. v.p.-printing & publishing-Artex, Canada; Fred D. Bjork, v.p. & gen. mgr.-printing & publishing; Larry N. Bradford, v.p.-personnel; Orville E. Fisher, Jr., v.p. & general counsel; Louis G. Foye, v.p.-development; Gerald A. Haugen, v.p. & controller; Charles R. Herrmann, v.p.-sales development; Loren J. Hulber, sr. v.p., recognition, business products; Roger D. Peters, v.p.-management information systems; Robb L. Prince, v.p. & treasurer; James C. Waggoner, v.p. & gen. mgr.-Artex; Brian J. Reilly, v.p.-international development; Ellis F. Bullock, Jr., v.p.-public affairs; Jim D. Burrow, v.p.-operations, Business Products; David T. Beach, v.p. and gen. mgr.-Artex Division; Donald J. Dally, v.p. and gen. mgr.-Recognition Division; G. William Henry, v.p. & gen. mgr.-Business Education Systems; Philip N. Jacobs, v.p. & gen. mgr.-Business Products; Bruce L. Pratt, v.p. & gen. mgr.-Johnston/National School Services, Canada; Larry P. Stewart, v.p. & gen. mgr.-Johnston Learning Systems.

Directors: H. William Lorton*, chairman; Robert P. Jensen, Don C. Lein, Robert W. Leslie*, Richard M. Paget, John M. Pitblado*, John W. Stodder*, Ernest Hazel III, William A. Andres.

* Member of the Executive Committee.

Business Activities:

Textile & Apparel Business Activities: Through its Artex subsidiary, the Company is engaged in the manufacture of custom-imprinted actionwear, including jerseys and traditional letter sweaters, for the discount store, college bookstore, and sporting goods markets. The Company also produces caps and gowns, and leather and vinyl office supplies, including briefcases, portfolios and notebook holders.

Trademarks and/or Brand Names: Artex, College Boulevard, Spiritwear.

Plant Locations: Manhattan, Overland Park, Yates Center, Kansas; Boonville, Missouri.

Textile/Apparel Divisions and Subsidiaries:

Artex Manufacturing
7600 Wedd
Overland Park, Kansas 66204
(913) 631-4040

Business Products Division

Manufactures leather and vinyl products for the office supply market.

Transfer Agent(s):

Norwest Bank of Minneapolis, N.A.
Minneapolis, Minnesota

Norwest Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: JOS

	Sales and Earnings	
	Net Sales	Net Income
1986	\$ 581,911,000	\$ 40,315,000
1985	529,769,000	37,985,000
1984	485,957,000	35,150,000
1983	451,263,000	30,968,000
1982	442,100,000	30,100,000
	No. of Com. Shares †	Earn. per Share ‡
1986	20,700,000	\$ 1.91
1985	21,700,000	1.76
1984	21,600,000	1.63
1983	21,500,000	1.44
1982	21,400,000	1.41

† Adjusted to reflect stock split.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

	Common Stock		
	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.88	—	—
1985	0.80	—	3-for-2
1984	0.71	—	—
1983	0.64	—	—
1982	0.59	—	—

† Adjusted to reflect stock split.

	Common Stock Equity	
	Total Equity	Equity Per Share †
1986	\$ 193,000,000	\$ 9.31
1985	199,000,000	9.18
1984	177,500,000	8.23
1983	156,300,000	7.25
1982	137,300,000	6.43

† Adjusted to reflect stock split.

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 581,911	\$ 529,769
Cost of sales	318,189	286,401
Expenses	186,359	171,087
Interest income	(311)	(629)
Income before taxes	\$ 77,674	\$ 72,910
Income taxes	37,359	34,925
Net Income	\$ 40,315	\$ 37,985

* Included in Costs and Expenses, Depreciation and Amortization: \$14,553,000 in 1986 and \$10,722,000 in 1985.

	Assets (000's)	
As of June 30	1986	1985
Cash & marketable secur.	\$ 42,601	\$ 76,529
Accts. receiv., net	92,313	82,512
*Inventories	78,654	77,185
Prepaid expenses	1,788	793
Current Assets	\$ 215,356	\$ 237,019
#Fixed assets	74,029	64,506
Intangibles	27,357	8,424
Receiv. & other	5,302	4,562
Total Assets	\$ 322,044	\$ 314,511

	Liabilities (000's)	
Long-term debt, curr.	\$ 1,008	\$ 1,079
Accts. payable	12,800	11,786
Salaries, wages & commissions	20,374	15,712
Customer deposits	29,487	26,622
Other accruals	17,056	13,140
Dividends payable	4,560	4,336
Income taxes	20,954	19,330
Curr. Liabilities	\$ 106,239	\$ 92,005
Long-term debt	14,351	15,633
Deferred inc. taxes	8,507	7,872
+ Common shares	6,909	7,225
Add. paid-in capital	16,764	15,372
Retained earnings	169,829	176,959
Foreign curr. translation adj.	(555)	(555)
Total Liabilities & Shareholders' Equity	\$ 322,044	\$ 314,511

* At lower of cost (FIFO) or market; gold inventories at LIFO cost.
Less accumulated depreciation.
+ \$0.33 1/2 par value.

Statistical Summary		
%Income bef. Taxes to Sales	13.35	13.76
%Net Income to Sales	6.93	7.17
%Net Income to Equity	20.89	19.09
Sales to Inventories	7.40	6.86
Debt to Equity	0.07	0.08
Working Capital	\$109,117,000	\$145,014,000
Current Ratio	2.03	2.58
Shareholders' Equity	\$192,947,000	\$199,001,000

Kellwood Company

600 Kellwood Parkway
St. Louis, Missouri 63017
(314) 576-3100

Mailing Address:

P.O. Box 14374
St. Louis, Missouri 63178

Kennington, Ltd., Inc.

Officers: Fred W. Wenzel, chairman of the board; William J. McKenna, president & chief exec. officer; Eugene D. Johnson, v.p.; James C. Jacobsen, sr. v.p.-finance; Robert A. Madocks, v.p., secretary & general counsel; Bud Berman, v.p.-corp. development; Roger D. Joseph, treasurer; Lawrence E. Hummel, controller.

Directors: Fred W. Wenzel*, chairman; Edward S. Botum, Richard P. Coerly, William L. Davis*, James C. Jacobsen*, James S. Marcus, William J. McKenna*, John T. Cullen, James J. Herley.

* Member of the Executive Committee.

Business Activities: Manufactures consumer products which include apparel for men, women and children and other soft goods for the home.

Trademarks and/or Brand Names: Name Droppers, Finesse, Sir Jac, Kicks, Northfield, Weather, Hillary, Kelly, Cape Cod Matchmates, Cricket Lane, American Collections Ltd., Parsons Place, Sag Harbor, Take 1, Mazurka, Punch Line, Across the Street, Block Island, Roebuck, Denver Jean, Sasson, Cape Cod Country Club, American Outbreak, ALCAR U.S.A., Melrose, Index, En Chante, En Chante Kids, Arthur-Arthur, Bedkins.

Plant Locations: Phil Campbell, AL; Lonoke, AR; Miami, FL; Cuthbert, Perry, GA; Morgantown, KY; East Bridgewater, MA; Calhoun City, Coffeeville, Fernwood, McComb, Monticello, Summit, Wesson, MS; Milford, Tilton, NH; Asheville, Cashiers, Liberty, Siler City, NC; Altus, Clinton, Paul Valley, OK; Greenfield, Monoville, Rutherford, TN; Lewisburg, Spencer, WV; LaRomana (2), Santo Domingo, Dominican Republic; Port-au-Prince, Haiti; Kowloon (2), Hong Kong; Kaohsiung (2), Taiwan; Colombo, Sri Lanka.

Divisions:

Home Fashions Division
Perry, Georgia

Bedsprings, comforters, draperies and other textile products for the home. Plants located in Perry and Cuthbert, Georgia; Clinton, Oklahoma; Lewisburg, West Virginia.

Lingerie/Active Sportswear Division
Summit, Mississippi

Pants, Jeans & Sweaters Division
Fletcher, North Carolina

Outerwear Division
Rutherford, Tennessee

Subsidiaries:

Kellwood Asia Limited
Hong Kong

Smart Shirts Limited
Hong Kong

Manufactures high quality shirts and blouses for retailers and manufacturers.

Smart Shirts (Lanka) Limited
Colombo, Sri Lanka

Manufactures jeans, shirts and blouses.

Cape Cod-Cricket Lane, Inc.
West Bridgewater, Massachusetts

Manufactures and markets popular-priced women's coordinated sportswear.

Parsons Place Apparel Company Ltd.
New York, New York

Designs, manufactures and markets women's missy, junior, and special size separates.

Acquisitions(s):

EZ Sportswear
9419 Mason Avenue
Chatsworth, California 91311

Designs and markets fashionable career apparel under the labels Melrose and Index. Through its subsidiary, En Chante, Inc., creates and markets moderately priced junior and children's casual and weekend wear under the labels En Chante, En Chante Kids, and Arthur-Arthur.

Transfer Agent(s):

Mercantile Bank N.A.
One Mercantile Center
St. Louis, Missouri 63101

Stock Exchange(s): New York

Ticker Symbol: KWD

Sales and Earnings		
	Net Sales	Net Income
1987	\$ 571,861,000	\$ 25,251,000
1986	502,106,000	19,162,000
1985	466,940,000	15,510,000
1984	452,111,000	14,563,000
1983	448,542,000	11,086,000
	No. of Com. Shares #	Earn. per Share #
1987	11,456,148	\$ 2.20
1986	9,488,742	2.02
1985	9,189,492	1.69
1984	10,789,263	1.35
1983	10,533,849	1.05

Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business (000's)		
	1987	1986
Apparel	\$ 434,484	\$ 383,915
Apparel-far east	137,377	118,191
Total	\$ 571,861	\$ 502,106

Common Stock		
	Cash Dividend †	Stock Dividend
1987	\$0.544	—
1986	0.44	—
1985	0.35	—
1984	0.283	—
1983	0.133	—

† Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 157,791,000	\$ 13.38
1986	130,715,000	11.97
1985	95,988,000	11.06
1984	102,505,000	9.44
1983	91,199,000	8.61

‡ Adjusted to reflect stock splits.

Income Account *		
	1987	1986
Net sales	\$ 571,861,000	\$ 502,106,000
Cost of sales	462,038,000	413,491,000
Expenses	65,639,000	51,509,000
Interest expense	8,271,000	9,473,000
Other income	(2,465,000)	(3,409,000)
Income before taxes	\$ 38,378,000	\$ 31,042,000
Income taxes	13,127,000	10,086,000
Inc. - cont. oper.	\$ 25,251,000	\$ 20,956,000
Loss - discont. oper.	—	(1,794,000)
Net Income	\$ 25,251,000	\$ 19,162,000

* Included in Costs and Expenses, Depreciation and Amortization: \$11,975,000 in 1987 and \$10,817,000 in 1986.

Assets		
	1987	1986
As of April 30		
Cash	\$ 42,943,000	\$ 15,743,000
Receiv., net	66,226,000	44,555,000
*Inventories	101,177,000	109,929,000
Prepaid expenses	13,853,000	11,575,000
Current Assets	\$ 244,199,000	\$ 181,802,000
#Fixed assets	35,428,000	34,345,000
Other assets	54,649,000	33,679,000
Total Assets	\$ 334,276,000	\$ 269,826,000

Liabilities		
	1987	1986
Notes payable	\$ 19,000,000	\$ —
Long-term debt, curr.	1,928,000	1,904,000
Accts. payable	35,542,000	24,581,000
Accruals	34,744,000	29,535,000
Income taxes	5,295,000	4,574,000
Curr. Liabilities	\$ 96,509,000	\$ 60,994,000
Long-term debt	67,827,000	67,740,000
Deferred income	12,149,000	10,777,000
+ Common stock	44,298,000	33,978,000
Retained earnings	144,631,000	125,623,000
Cumulative translation adjustment	(8,864,000)	(8,857,000)
Treasury stock	(22,274,000)	(20,029,000)
Total Liabilities & Shareholders' Equity	\$ 334,276,000	\$ 269,826,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary		
	1987	1986
%Net Income to Equity	16.00	14.66
Sales to Inventories	5.65	4.57
Debt to Equity	0.61	0.53
Working Capital	\$127,690,000	\$121,208,000
Current Ratio	2.32	3.00
Shareholders' Equity	\$157,791,000	\$130,715,000

Kennington, Ltd., Inc.

3209 Humboldt Street
Los Angeles, California 90031
(213) 225-1655

Officers: Leon J. Condon, president & treasurer; Stanley Tendler, chairman; Earl Sternfeld, v.p.-nat'l. sales; Donald Waldman, v.p.-operations; Bernard Karp, v.p. -"Winner Wear" Div.; Jerome Janger, secretary; Kathleen A. Hayes, controller.

Directors: Stanley Tendler, Leon J. Condon, Jerome Janger, Earl Sternfeld, Donald Waldman, Kathleen A. Hayes.

Business Activities: Engaged in the manufacture and marketing of shirts, sweater shirts, jackets, shorts, casual pants and active wear for men and boys. Also involved in real estate activities and the distribution of ball bearings.

Trademarks and/or Brand Names: Kennington, Kennington for Boys, Winner Wear, Colore.

Subsidiaries:

Kennington Properties, Inc.
Acquires and operates commercial properties.

Aircraft Bearing Corporation
Distributes miniature ball bearings.

Transfer Agent(s):

City National Bank
Los Angeles, California

Manufacturers Hanover Trust Co.
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KENN (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1985	\$ 29,474,000	\$ (4,991,000)
1984	35,827,000	1,490,000
1983	45,576,000	3,141,000
1982	55,130,000	2,484,000
1981	75,073,000	8,293,000

Kennington, Ltd., Inc.

	No. of Com. Shares	Earn. per Share ‡
1985	5,688,168	\$ —
1984	5,687,838	0.26
1983	5,685,693	0.55
1982	5,685,693	0.44
1981	5,685,693	1.46

(Loss)

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share
1985	\$ 65,745,000	\$ 11.56
1984	70,733,000	12.44
1983	69,226,000	12.18
1982	66,085,000	11.62
1981	63,601,000	11.19

Income Account *

Year ended Dec. 31	1985	1984
Net sales	\$ 29,474,000	\$ 35,827,000
Cost of sales	22,709,000	23,718,000
Expenses	8,568,000	8,908,000
Interest income	(643,000)	(4,398,000)
Loss from invest.	6,391,000	—
Inc. (loss) bef. taxes	\$ (7,551,000)	\$ 7,599,000
Income taxes (credit)	(2,560,000)	6,109,000
Net income (Loss)	\$ (4,991,000)	\$ 1,490,000

* Included in Costs and Expenses, Depreciation and Amortization: \$1,691,000 in 1985 and \$773,000 in 1984.

As of Dec. 31	1985	1984
Cash	\$ 33,961,000	\$ 41,845,000
Accts. receiv., net	4,212,000	3,181,000
Refundable taxes	3,735,000	—
Inventories	8,617,000	13,934,000
Prepaid expenses & other income taxes	448,000	591,000
Current Assets	\$ 50,973,000	\$ 59,551,000
#Fixed assets	14,029,000	15,326,000
Other assets	15,233,000	14,997,000
Total Assets	\$ 80,235,000	\$ 89,874,000

Liabilities

Notes and acceptances payable	\$ —	\$ 95,000
Notes payable	828,000	3,500,000
Accts. payable	846,000	2,040,000
Real estate deposit	400,000	—
Accruals	1,321,000	245,000
Income taxes	—	634,000
Deferred income taxes	—	2,124,000
Long-term debt, curr.	70,000	2,136,000
Current Liabilities	\$ 3,465,000	\$ 10,774,000
Deferred income taxes	2,923,000	—
Long-term debt	8,102,000	8,367,000
+ Common stock	569,000	569,000
Retained earnings	2,127,000	2,124,000
Retained earnings	63,049,000	68,040,000
Total Liabilities & Shareholders' Equity	\$ 80,235,000	\$ 89,874,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	21.21
%Net Income to Sales	—	4.16
%Net Income to Equity	—	2.11
Sales to Inventories	3.42	2.57
Debt to Equity	0.14	0.17
Working Capital	\$47,508,000	\$48,777,000
Current Ratio	14.71	5.53
Shareholders' Equity	\$65,745,000	\$70,733,000

Kleinert's, Inc.

120 West Germantown Pike
Suite 100
Plymouth Meeting, Pennsylvania 19462
(215) 828-7261

Officers: Jack Brier, chairman of the board & chief exec. officer; Joseph J. Connors, treasurer & chief financial officer; Bernard M. Borish, secretary.

Directors: Jack Brier, Kenneth Brier, Bernard M. Borish, Marvin Grossman.

Business Activities: Manufactures and sells infants' and children's sleepwear and accessories, personal apparel including such items as dress and garment shields, sanitary items, incontinent pants and swim caps; also knits & dyes fabrics.

Trademarks and/or Brand Names: Bolero, Duraline, Pin-In, Slip-on, Softex, Solite, Sta-rite, Kleinert's, Teddy Bears, Mini-Dimensions, Little Dimensions, Baby-Gro.

Plant Locations: Elba, Alabama; Gastonia, North Carolina.

Divisions and Subsidiaries:

Kleinert's, Inc. of Alabama
Elba, Alabama 36323

Elba Division
Elba, Alabama 36323

Scott Mills Division
Gastonia, N.C. 28052

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KLRT (NASDAQ)

Sales and Earnings

	Net Sales	Net Income +
1986	\$ 46,350,000	\$ 2,597,000
1985	41,166,000	2,765,000
1984	39,952,000	2,880,000
1983*	36,422,000	1,022,000
1982	25,598,000	51,000
	No. of Com. Shares ‡	Earn. per Share ‡ +
1986	1,539,000	\$ 1.69
1985	1,690,000	1.64
1984	2,038,000	1.41
1983*	1,823,000	0.56
1982	1,809,000	0.03

* 14 months.

+ Including extraordinary gains of \$1,195,000 (\$0.78 per share) in 1986, \$1,272,000 (\$0.75 per share) in 1985, \$1,103,000 (\$0.54 per share) in 1984, \$462,000 (\$0.25 per share) in 1983 and \$16,000 (\$0.01 per share) in 1982.

‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 12,185,000	\$ 7.92
1985	11,656,000	6.90
1984	11,189,000†	5.49
1983	6,480,000†	3.55
1982	5,458,000†	3.02

‡ Based on the weighted average number of shares outstanding.

† After allowing for preferred stock at liquidating value.

Income Account *

As of	11/29/86	11/30/85
Net sales	\$ 46,350,000	\$ 41,166,000
Cost of sales	39,140,000	34,388,000
Expenses	3,096,000	2,669,000
Interest expense	1,383,000	1,209,000
Income before taxes	\$ 2,729,000	\$ 2,900,000

Income taxes	1,327,000	1,407,000
Net Income	\$ 1,402,000	\$ 1,493,000
Extraord. gain	1,195,000	1,272,000
Net income & extraord. gain	\$ 2,597,000	\$ 2,765,000

* Included in Costs and Expenses, Depreciation and Amortization: \$438,000 in 1986 and \$438,000 in 1985.

As of	11/29/86	11/30/85
Cash	\$ 322,000	\$ 343,000
Trade accts. receiv., net	9,215,000	8,296,000
*Inventories	11,743,000	11,442,000
Other assets	594,000	563,000
Current Assets	\$ 21,874,000	\$ 20,646,000
#Fixed assets	5,032,000	4,935,000
Other assets	1,256,000	1,861,000
Total Assets	\$ 28,162,000	\$ 27,442,000

Liabilities

Notes payable	\$ 3,992,000	\$ 3,478,000
Accts. payable	3,393,000	4,118,000
Accruals	992,000	1,231,000
Curr. Liabilities	\$ 8,377,000	\$ 8,827,000
Long-term debt	7,600,000	6,959,000
+ Common stock	3,412,000	4,019,000
Add. paid-in capital	9,846,000	11,307,000
Retained earnings (deficit)	(958,000)	(3,555,000)
Treasury stock	(115,000)	(115,000)
Total Liabilities & Shareholders' Equity	\$ 28,162,000	\$ 27,442,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$2.50 per value.

Statistical Summary

%Income bef. Taxes to Sales	5.89	7.04
%Net Income to Sales	3.02	3.63
%Net Income to Equity	11.51	12.81
Sales to Inventories	3.95	3.60
Debt to Equity	0.62	0.90
Working Capital	\$13,497,000	\$11,819,000
Current Ratio	2.81	2.34
Shareholders' Equity	\$12,185,000	\$11,656,000

The Leslie Fay Companies, Inc.

1400 Broadway
New York, New York 10018
(212) 221-4000

Officers: John J. Pomerantz, chairman, president & chief exec. officer; Alan Golub, vice chairman; Laura Pomerantz, Norman Feinberg, Arnold Forman, H. Andrew Gross, Gerald P. Zipp, vice presidents; Paul F. Polishan, v.p. & chief financial officer; Ralf L. Iannazzone, v.p.-manufacturing; Sanford L. Mazer, v.p.-manufacturing; Richard F. Von Felde, secretary & assistant treasurer; Daniel Falkovitz, treasurer.

Directors: John J. Pomerantz, chairman; Alan Golub, Laura Pomerantz, Gary M. Brost, Steven M. Friedman, Herman Gordon, Ira J. Hechler, Jack Nash, Lester Pollack, Michael L. Tarnopol.

Business Activities: Designs, manufactures and markets widely diversified lines of moderate and better priced women's dresses, suits, blouses and sportswear primarily for the career-oriented woman. Through its Head Sportswear Division, the Company also manufactures ski, tennis and golf apparel for men and women.

Trademarks and/or Brand Names: Breckenridge, Castberry Knits, Dynasty, Head, Head Europe, Kasper for A.S.L., Leslie Fay, Leslie Fay Petites, Leslie Knits, Leslie Pomerantz, Personal Pointe, Personal Sportswear, Personal II, Shapely, Suits by Dallas, Summit.

Levi Strauss Associates Inc.

Divisions and Subsidiaries:

Levi's Knits Division
Andrea Gayle
Beige and Company
Sasco Division
Summit Sportswear Division
Outlander, Ltd.
Breckenridge Division
Shapely, Inc.
Castleberry Knits Division
Head Sportswear
Joan Leslie Division
Sason
Kathryn Conover Division
Knitvivo Division
Personal Division

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: LES

NOTE: The Leslie Fay Companies acquired The Leslie Fay Company in a leveraged buyout transaction on June 18, 1984.

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 573,401,000	\$ 18,647,000
1985	475,399,000	10,859,000
1984*	235,601,000	1,572,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	17,024,207	\$ 1.10
1985	15,000,000	0.72
1984*	15,000,000	0.10

* 6 months.

† Pro forma income gives effect to the application of pro forma and historical income taxes that would have been reported had the Company and The Leslie Fay Company filed income tax returns as a corporate entity for each period.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 92,459,000	\$ 5.43
1985	(11,080,000)	—
1984	(29,665,000)	—

(Deficiency)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	\$ 573,401	\$ 475,399
Cost of sales	381,336	312,484
Expenses	127,409	110,408
Amort. of intangibles	3,353	2,984
Interest expense	21,478	27,642
Non-recurring charges	1,690	—
Income before taxes	\$ 38,135	\$ 21,881
Income taxes	19,488	11,022
Net Income	\$ 18,647	\$ 10,859

* Included in Costs and Expenses, Depreciation and Amortization: \$3,229,000 in 1986 and \$2,882,000 in 1985.

Assets

As of	12/27/86	12/28/85
Cash	\$ 4,861	\$ 4,343
Accts. receiv., net	71,271	60,177
*Inventories	81,301	73,564
Prepaid expenses	12,255	7,674
Current Assets	\$ 169,688	\$ 145,758

#Fixed assets	23,577	23,017
Other assets	2,832	1,393
Defer. charges	2,022	2,381
Intangibles	92,672	95,000

Total Assets \$ 290,791 \$ 267,549

Liabilities (000's)

Notes payable	\$ 54,500	\$ 13,000
Long-term debt, curr.	262	22,822
Accts. payable	32,280	32,526
Accrued interest pay.	3,424	6,184
Accrued compensation	14,303	12,077
Other accruals	8,033	8,485
Income taxes	2,855	1,388
Current Liabilities	\$ 115,657	\$ 96,482
Long-term debt	11,979	112,562
Subord. debt	61,035	61,035
Deferred credits	9,661	8,550
+ Common stock	20,000	9,564
Add. paid-in capital	82,175	—
Exc. of purch. price over assets acq.	(33,251)	(33,251)
Retained earnings	30,760	12,230
For. curr. trans. adjust.	778	377
Treasury stock	(8,003)	—
Total Liabilities & Shareholders' Equity	\$ 290,791	\$ 267,549

* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.

‡ \$1 par value.

Statistical Summary

%Income bef. Taxes	6.65	4.60
to Sales	3.25	2.28
%Net Income to Sales	20.17	—
%Net Income to Equity	7.05	6.46
Sales to Inventories	0.72	—
Debt to Equity	\$54,031,000	\$ 49,276,000
Working Capital	1.47	1.51
Current Ratio	\$92,459,000	\$(11,080,000)
Shareholders' Equity		

Levi Strauss Associates Inc.

(Formerly Levi Strauss & Co.)

NOTE: This is a private company. There is no established market for the Company's common stock.

P.O. Box 7215
1155 Battery Street
San Francisco, California 94120
(415) 544-6000

Officers: Peter E. Haas, Sr., chairman of the board; Robert D. Haas, president & chief executive officer; Donna Goya, v.p.-human resources; George James, sr. v.p. & chief financial officer; Rita M. Gainey, v.p.-corporate affairs; Tom Tusher, exec. v.p. & chief operating officer; Peter L. Thiggen, sr. v.p. & president-The Jeans Company; Thomas J. Bauch, sr. v.p., gen. counsel & secretary; Leo P. Isotalo, sr. v.p. & president-Battery Street Enterprises; David D. Smith, v.p. & treasurer; Lee C. Smith, sr. v.p. & president-Levi Strauss International; Muriel Davis, v.p. & corp. controller.

Directors: Peter E. Haas, Sr., Robert D. Haas, Walter A. Haas, Jr., Rhoda Goldman, Tully M. Friedman, Peter E. Haas, Jr., F. Warren Hellman, James M. Koshland.

* Member of the Executive Committee.

Business Activities: Incorporated solely for the purpose of acquiring Levi Strauss & Co., the predecessor company, which designs, manufactures and markets a diversified line of apparel for men, women, boys, and girls, principally under the Levi's trademark; also includes such other brand names as Kurot of California, Oxford.

Plant Location(s): Albuquerque, Roswell, New Mexico; Amarillo, Corpus Christi, El Paso, Harlingen, McAllen, San Angelo, San Antonio, San Benito, Wichita Falls, Texas; Blackstone, Warsaw, Virginia; Blue Ridge, Valdosta, Georgia; Canton, Mississippi; Centerville, Elizabethton, Johnson City,

Knoxville, Maryville, Mountain City, Powell, Tennessee; Chicago, Illinois; Fayetteville, Harrison, Little Rock, Morrilton, Wynne, Arkansas; Florence, Kentucky; Henderson, Nevada; Murphy, North Carolina; Napa, San Francisco, California; Price, Utah; Sanbury, Pennsylvania.

Trademarks and/or Brand Names: Bend Over, David Hunter, Dura Plus, Durawale, 501, 505, 517, Hardware Jeans, Levi's, Levi's Action Slacks, Levi's For Feet, Little Levi's, Saddleman, Sport Timer, Sta-Prest, Stretch Levi's, Tab Device, Two Horse, Flatter Fit, Guarantee Ticket, Shrink To Fit, Snap To Fit.

Divisions and Subsidiaries:

The Jeans Company

Levi Strauss International

Battery Street Enterprises

Koret of North America
Oxford
Menswear
Battery Street Sportswear
Eximco
Perry Ellis America
Frank Shorter's Running Gear
David Hunter

NOTE: The Company was incorporated on July 3, 1985, solely for the purpose of acquiring Levi Strauss & Co. in a leveraged buyout transaction. The acquisition was accomplished on August 30, 1985; therefore, the Company's results for the period from inception to the end of the year include the operations of Levi Strauss & Co. from acquisition date.

Sales and Earnings

	Net Sales	Net Income
1985*	\$ 679,056,000	\$(114,328,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1985*	7,726,500	\$ —

(Loss)

* 5 months.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	90-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	\$ 64,959,000	\$ 8.41

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	11/24/85 (5 months)
Net sales	\$ 679,056,000
Cost of sales	579,322,000
Expenses	157,526,000
Interest expense	45,221,000
Other expenses	4,803,000
Loss before taxes	\$ (107,816,000)
Income taxes	6,512,000
Net Loss	\$ (114,328,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$24,170,000 in 1985.

Assets

As of Nov. 24	1985
Cash & temp. cash	
invest.	\$ 169,500,000
Accts. receiv., net	390,984,000

Levi Strauss Associates Inc.

*Inventories	379,146,000
Other curr. assets	93,711,000

Current Assets	\$1,033,341,000
#Fixed assets	361,077,000
Other assets	20,132,000
Intangibles	713,750,000

Total Assets	\$2,128,300,000
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Liabilities	
Short-term borrowings	\$ 8,575,000
Long-term debt & cap. lease oblig., curr.	160,668,000
Accts. payable	97,622,000
Accruals	177,702,000
Accrued payroll	88,099,000
Taxes payable	113,787,000

Curr. Liabilities	\$ 646,453,000
Long-term debt	1,323,015,000
Cap. lease oblig.	17,268,000
+ Common stock	773,000
Add. paid-in capital	168,654,000
Accum. deficit	(114,328,000)
Translation adjust.	9,860,000

Total Liabilities & Shareholders' Equity	\$2,128,300,000
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* At lower of average cost or market.
Less accumulated depreciation.
+ \$0.10 par value.

Statistical Summary	
Sales to Inventories	1.79
Working Capital	\$365,888,000
Current Ratio	1.60
Shareholders' Equity	\$ 64,959,000

Littlefield, Adams & Company

81 Adams Drive
Totowa, New Jersey 07512
(201) 256-8600

Officers: Gilbert Raff, president & chief exec. officer; Andrew Christensen, v.p. & president-Collegiate-Pacific Company; Richard W. Meany, v.p. & treasurer; Florence V. Benda, secretary.

Directors: Andrew Christensen, Charles D. Fox, III, Henry Littlefield, Gilbert Raff, G. William Fleming, Charles D. Fox, IV.

Business Activities: Engaged in the imprinting and selling of athletic and leisure wear under the name Collegiate-Pacific. Products include imprinted T-shirts, sweatshirts, sport shirts, jerseys, and sportswear. Also manufactures and imprints novelty items, including caps, pennants, banners, blankets and pillows, and publishes a diversified line of academic books.

Trademarks and/or Brand Names: Collegiate-Pacific.

Plant Location(s): Roanoke, Virginia.

Divisions:
Collegiate-Pacific Company
Roanoke, Virginia

Littlefield, Adams & Company, Publishers
Rowman and Littlefield
Bible Distribution Center

All in Totowa, New Jersey

Transfer Agent(s):
Midwest National Bank
Corporate Trust Department
P.O. Box 600
Edison, New Jersey 08818

Stock Exchange(s): American

Ticker Symbol: LFA

Sales and Earnings

	Net Sales	Net Income
1986	\$ 20,361,000	\$ (2,739,000)
1985	20,875,000	(332,000)
1984	22,936,000	(840,000)
1983	24,799,000	(717,000)
1982	29,388,000	(31,000)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Imprinted leisurewear	\$ 17,568,000	\$ 18,087,000
Publishing	2,793,000	2,788,000
Total	\$ 20,361,000	\$ 20,875,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	0.08	—	—
1982	0.24	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 4,161,000	\$ 3.87
1985	6,867,000	6.39
1984	7,153,000	6.66
1983	8,019,000	7.47
1982	8,983,000	8.37

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 20,361	\$ 20,875
Cost of sales	16,149	16,248
Expenses	5,623	5,972
Interest expense	757	991
Write-off of costs in exc. of assets of acq. cos.	—	—
Gain on sale of prop.	506	(2,009)
Loss before taxes	\$ (2,674)	\$ (327)
Income taxes	65	5
Net Loss	\$ (2,739)	\$ (332)

* Included in Costs and Expenses, Depreciation and amortization: \$591,000 in 1986 and \$611,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 204	\$ 156
Accts. receiv., net	3,881	4,330
*Inventories	5,532	7,278
Prepaid expenses	178	505
Current Assets	\$ 9,795	\$ 12,269
Investments in affil.	349	353
#Fixed assets	2,274	2,585
Other assets	25	66
Intangibles	—	506
Total Assets	\$ 12,443	\$ 15,779

Liabilities

	(000's)	
Long-term debt, curr.	\$ 3,787	\$ 78
Accts. payable	2,876	2,947
Accruals	624	637
Curr. Liabilities	\$ 7,287	\$ 3,662
Long-term debt	621	4,849
Deferred compensation	374	401
+ Common stock	1,235	1,235
Add. paid-in capital	2,465	2,465
Retained earnings	1,401	4,140
For. curr. trans. adj.	(107)	(140)
Treasury Stock	(833)	(833)
Total Liabilities & Shareholders' Equity	\$ 12,443	\$ 15,779

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

Sales to Inventories	3.68	2.87
Debt to Equity	1.06	0.72
Working Capital	\$2,508,000	\$8,607,000
Current Ratio	1.34	3.35
Shareholders' Equity	\$4,161,000	\$6,867,000

Liz Claiborne, Inc.

1441 Broadway
New York, New York 10018
(212) 354-4900

Officers: Elisabeth Claiborne Ortenberg, president; Arthur Ortenberg, co-chairman of the board & secretary; Jerome A. Chazen, co-chairman of the board; Harvey L. Falk, exec. v.p.-finance; John F. Consolini, exec. v.p.-operations; Robert Bernard, sr. v.p.-sportswear, sales; Kenneth Ganz, sr. v.p.-corp. distribution; Alois J. Lohn, sr. v.p.-manufacturing; Jay Margolis, sr. v.p.-Menswear Division, president; Ellen Daniel, sr. v.p. & apparel design director; Dennis Gay, sr. v.p.-Collection and Lizport Divisions, div. head; Allen McNeary, sr. v.p.-Dress Division, president; Jo Miller, sr. v.p.-Retail Division, co-president; Kathryn D. Connors, v.p.-human resources; Walter L. Krieger, v.p.-financial operations; Jeffrey H. Shendell, v.p.-allocations and sales support; Robert P. McKean, treasurer; Jack Listanowsky, v.p.-knitwear production; Claudia Wong, v.p.-corp. Far East operations.

Directors: Arthur Ortenberg, Jerome A. Chazen, co-chairmen of the board; Elisabeth Claiborne Ortenberg, Harvey L. Falk, Leonard Boxer, J. James Gordon, Sherwin Kamin.

Business Activities: Designs, contracts for the manufacture of, and markets an extensive range of women's apparel and accessories as well as girls' and men's sportswear.

Trademarks and/or Brand Names: Liz Claiborne, Lizwear, Lizkids, Liz, Claiborne, Lizport, Dana Buchman.

Divisions and Subsidiaries:

Collection Division
Sophisticated style of sportswear geared primarily for the career women's working needs.

Lizport Division
Sportswear collections geared primarily for the home and the more casual working environment.

Lizwear Division
Casual style of sportswear geared primarily for weekend dressing needs.

Dana Division
A wide variety of dresses, including a knitwear collection in both the "Missy" and petite size ranges.

Girls Division
Markets girls' sportswear under the trademark Lizkids.

Menswear Division
Men's sportswear.

Kayser-Roth Corporation
Manufactures and markets handbags, belts, scarves and other related accessories.

Louisville Bedding Company

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10001

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LIZC (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 813,497,000	\$ 86,194,000
1985	556,553,000	60,580,000
1984	391,272,000	147,517,000
1983*	228,722,000	84,064,000
1982	165,722,000	56,142,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	43,135,276	\$ 2.00
1985	42,697,912	1.42
1984	42,288,570	0.99
1983*	42,006,672	0.53
1982	41,802,672	0.34

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.23	—	—
1985	0.16	100%‡	—
1984	0.09	100%	—
1983	—	100%	—

+ Adjusted to reflect stock dividends.

‡ Declared Feb. 25, 1986.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 247,787,000	\$ 5.74
1985	162,729,000	3.81
1984	104,417,000	2.47
1983	64,498,000	1.54
1982	41,170,000	0.98

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	\$ 813,497	\$ 556,553
Cost of sales	502,247	341,700
Expenses	146,289	97,325
Interest income	(4,341)	(2,072)
Income before taxes	\$ 169,302	\$ 119,600
Income taxes	83,108	59,020
Net Income	\$ 86,194	\$ 60,580

* Included in Costs and Expenses, Depreciation and Amortization: \$4,423,000 in 1986 and \$3,129,000 in 1985.

Assets (000's)

As of	12/27/86	12/28/85
Cash	\$ 2,628	\$ 955
Short-term invest.	101,441	55,225
Accts. receiv., net	57,718	58,940
*Inventories	114,879	72,846
Other curr. assets	17,721	12,672
Current Assets	\$ 294,387	\$ 200,638
†Fixed assets	16,798	11,191
Construc. in progress	—	3,460
Other assets	925	10,621
Total Assets	\$ 335,502	\$ 225,910

Liabilities (000's)

Note Payable	\$ 4,900	\$ —
Advances	2,409	2,783
Accts. payable	39,820	26,804
Accruals	26,166	15,574
Income taxes	7,921	3,527
Curr. Liabilities	\$ 81,216	\$ 48,688
Long-term debt	—	10,000
Deferred inc. taxes	6,499	4,493
+ Common stock	43,279	42,904
Add. paid-in capital	21,404	12,865
Retained earnings	183,104	106,960
Total Liabilities & Shareholders' Equity	\$ 335,502	\$ 225,910

* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	20.81	21.49
%Net Income to Sales	10.60	10.88
%Net Income to Equity	34.79	37.23
Sales to Inventories	7.08	7.64
Working Capital	\$213,171,000	\$151,950,000
Current Ratio	3.62	4.12
Shareholders' Equity	\$247,787,000	\$162,729,000

Louisville Bedding Company

10400 Bunsen Way
Bluegrass Industrial Park
Louisville, Kentucky 40299
(502) 491-3370

Officers: James R. Hartsock, chairman; John M. Minihan, president & chief exec. officer; Charles Lohman, sr. v.p.-purchasing; Kenneth A. King, exc. v.p.; Frank Preston, Ronald A. Benson, v.p.'s.; Christian F. Rapp, v.p.-finance & secretary.

Directors: J.R. Hartsock, chairman; O.R. Bolton, N.E. Elsas, H.C. Forrester, J.M. Minihan, K.A. King, B.I. Moore, M.H. Schook, Bernard J. Arendshorst, C.J. Lohman, F.N. Preston.

Business Activities: Louisville Bedding Company is in the home furnishing and moving van pad businesses. It manufactures quilted mattress pads, fashion bedroom products (which include bedspreads, quilts, bed ruffles, decorative linens) and decorative table linens, kitchen accessories, and a line of moving van pads. These products are marketed nationwide through leading department stores and retail chains.

Trademarks and/or Brand Names: Reed Handcrafts, Quiltcraft, Olde Kentucky, Komfort Wrap, Stay Put, Beautyrest.

Plant Location(s): Jeffersonstown, Louisville & Munfordville, Ky.

Divisions:

StayPut Pad
Reed Handcrafts

both at:

10400 Bunsen Way
Bluegrass Industrial Park
Louisville, Kentucky 40299

Transfer Agent(s):

Louisville Bedding Co.
Louisville, Kentucky

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income
1986	\$ 813,497,000	\$ 86,194,000
1985	556,553,000	60,580,000

1984	66,488,123	657,143
1983	60,667,996	1,765,996
1982	50,123,144	1,105,689

	No. of Com. Shares +	Earn. per Share ‡
1986	619,938	\$ 1.15
1985	619,938	1.38
1984	619,903	1.06
1983	619,282	2.85
1982	620,122	1.79

+ Adjusted to reflect stock dividends.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.60	—	—
1984	0.59	5%	—
1983	0.53	—	—
1982	0.52	10%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 10,644,412	\$ 17.17
1985	10,303,777	16.62
1984	9,819,610	15.84
1983	9,517,202	15.37
1982	8,090,964	13.05

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	\$ 65,094,986	\$ 66,121,482
Cost of sales	52,659,570	52,820,034
Expenses	9,819,047	10,203,557
Interest expense	1,205,649	1,326,059
Other expense (income)	(27,678)	54,759
Income before taxes	\$ 1,438,398	\$ 1,717,073
Income taxes	725,800	861,400
Net Income	\$ 712,598	\$ 855,673

* Included in Costs and Expenses, Depreciation and Amortization: \$763,449 in 1986 and \$712,482 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	\$ 483,410	\$ 397,447
Receiv., net	13,258,327	11,507,053
*Inventories	12,818,320	11,380,103
Inc. tax receiv.	41,472	—
Prepaid expenses	213,422	206,245
Current Assets	\$ 26,814,951	\$ 23,490,848
Cash value of life ins.	158,310	37,335
†Fixed assets	510,512	4,711,696
Defer. charges & other assets	20,496	21,996
Total Assets	\$ 31,504,269	\$ 28,261,875

Liabilities

Notes payable	\$ 3,500,000	\$ 4,600,000
Long-term debt, curr.	970,090	785,894
Accts. payable	5,458,312	3,260,147
Accruals	1,042,081	1,086,430
Income taxes	—	388,727
Curr. Liabilities	\$ 10,970,483	\$ 10,121,198
Long-term debt	9,512,421	7,527,511
Deferred inc. taxes	169,700	299,200
Other payable	7,253	10,189
+ Common stock	619,938	619,938
Add. paid-in capital	2,669,741	2,669,741
Retained earnings	7,354,733	7,014,098
Total Liabilities & Shareholders' Equity	\$ 31,504,269	\$ 28,261,875

Louisville Bedding Company

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 ‡ No par value.

Statistical Summary

%Income before Taxes to Sales	2.21	2.60
%Net Income to Sales	1.09	1.29
%Net Income to Equity	6.69	8.30
Sales to Inventories	5.08	5.81
Debt to Equity	0.89	1.25
Working Capital	\$15,844,468	\$13,369,650
Current Ratio	2.44	2.32
Shareholders' Equity	\$10,644,412	\$10,303,777

Manhattan Industries, Inc.

Corporate Offices:

1155 Avenue of the Americas
 New York, New York 10036
 (212) 221-7500

Administrative Offices:

23 DeBoer Drive
 Glen Rock, New Jersey 07452
 (201) 447-2000

Officers: Laurence C. Leeds, Jr., chairman of the board & chief exec. officer; Nicholas P. DiPaolo, president & chief operating officer; Donald H. Kallman, vice chairman of the board, exec. v.p. & chairman of the executive committee; Samuel M. Miller, v.p., secretary-treasurer & controller; Bruce P. Fogwell, v.p.-advertising & public relations; Zachary Solomon, exec. v.p.

Directors: Roy M. Goodman, Thomas Hoving, Donald H. Kallman*, Laurence C. Leeds, Jr.*, Jack Lyons, Irving Matthews, Irving Silverman, Carl Spielvogel, Louis C. Stengel, Jr.*, Harvey N. Krueger, E. John Rosenwald, Jr., Nicholas P. DiPaolo*, Zachary Solomon*, Thomas J. Tisch.

* Member of the Executive Committee.

Business Activities: Manufactures and retails men's and women's apparel. The Apparel Division consists of three companies manufacturing men's wear and two manufacturing women's wear. The Retail Division is composed of 59 stores operated by Manhattan Factory Outlets, which sell apparel and domestic furnishings in the Northeast and South. The Company's Licensing Division represents Manhattan Industries around the world with 32 Manhattan licensees operating in 45 countries.

Trademarks and/or Brand Names: Manhattan, John Henry, Harness House, Liberty of London, Lady Manhattan, Vera, Lanvin, Lady Baynard, Baynard Sport, Sea Isle, Manhattan-Ward, Manhattan International, Frost Bros., Equipment by Henry Grethel, Anne Klein for New Aspects, Pierre, Perry Ellis, Kimberly, Balmain, VeraSport, John Henry for Women, Equipment for Women, Perry Ellis Portfolio.

Divisions and Subsidiaries:

Apparel Division:

Men's Wear

The Manhattan Shirt Company
 1155 Avenue of the Americas
 New York, New York 10036
 Manufactures and sells men's shirts, sportshirts, sport knits, and pajamas. Manufacturing plant: Americus, Ga.

Manhattan Accessories Division
 1155 Avenue of the Americas
 New York, New York 10036
 Manufactures and sells men's neckwear, scarves and mufflers, belts and small leather goods.

John Henry for Men
 1155 Avenue of the Americas

New York, New York 10036

Markets men's shirts, sportshirts and accessories

Morgan Shirt Corporation
 Morgantown, West Virginia
 Manufactures men's shirts.

Henry Grethel for Men
 1155 Avenue of the Americas
 New York, New York 10036
 Markets designer sportswear, shirts and furnishings.

Women's Wear

M I Designer Group
 Anne Klein for New Aspects
 1411 Broadway
 New York, New York 10018
 Manufactures and sells women's blouses.

The Lady Manhattan Company
 1407 Broadway
 New York, New York 10018
 (212) 265-3700
 Manufactures and sells blouses. Mfg. Plant: Scranton, Pa.

The Vera Companies
 1411 Broadway
 New York, New York 10018
 Manufactures and sells women's sportswear, dresses, scarves and table linens. Mfg. Plants: Puerto Rico and Grafton, W. Va.

John Henry for Women
 1411 Broadway
 New York, New York 10018
 Markets women's shirts and tops.

Manhattan Dress Division
 1400 Broadway
 New York, New York 10018
 Manufactures and markets John Henry, Peter Ashley, and Lanvin dresses.

Perry Ellis Division
 575 Seventh Avenue
 New York, New York 10018
 Designs and markets women's and men's sportswear.

Henry Grethel for Women
 1411 Broadway
 New York, New York 10018
 Markets women's shirts, tops and sportswear.

Retail Division:

Manhattan Factory Outlet
 15-01 Broadway
 Fair Lawn, New Jersey 07410
 (201) 797-8660

Licensing Division

Manhattan Licensing
 1155 Avenue of the Americas
 New York, New York 10036

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
 New York, New York

Stock Exchange(s): New York

Ticker Symbol: MHT

Sales and Earnings

	Net Sales (000's) +	Net Income (000's)
1987	\$ 335,754	\$ (7,419)
1986	335,469	(11,008)
1985	381,018	1,124
1984	308,809	11,547
1983	279,236	7,525

	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,061,000	\$ —
1986	5,041,000	—
1985	4,824,000	0.20
1984	4,143,000	2.67
1983	3,832,000	1.78

(Loss)

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.20	4%	—
1986	0.25	4%	—
1985	0.30	4%	—
1984	0.30	4%	—
1983	0.30	4%	—

Common Stock Equity

	Total Equity ‡	Equity Per Share ‡
1987	\$ 62,671,000	\$ 12.28
1986	70,987,000	14.05
1985	83,040,000	16.52
1984	72,721,000	16.60
1983	59,987,000	15.84

‡ After allowing for convertible preferred stock at involuntary liquidation value.

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	\$ 335,754	\$ 335,469
Cost of sales	252,769	254,887
Expenses	81,898	80,624
Royalty & other income	(6,087)	(5,022)
Interest expense	10,296	11,693
Non-recurring inc.	(9,333)	(1,482)
Bus. realign. charge	7,500	16,800
Loss bef. taxes	\$ (1,289)	\$ (22,031)
Income tax (credit)	—	(10,900)
Loss - cont. oper.	\$ (1,289)	\$ (11,131)
Inc. (loss) - discount oper.	(6,130)	123
Net Loss	\$ (7,419)	\$ (11,008)

* Included in Costs and Expenses, Depreciation and Amortization: \$5,061,000 in 1987 and \$4,885,000 in 1986.

Assets (000's)

As of Jan 31	1987	1986
Cash	\$ 1,475	\$ 2,436
Accts. receiv., net	13,267	21,568
*Inventories	71,563	74,503
Prepaid expenses	3,363	3,783
Net assets held for sale	5,773	34,844
Current Assets	\$ 95,441	\$ 137,134
Investments & other assets	13,738	13,699
*Fixed assets	25,963	30,238
Prop. under cap. leases	2,251	2,528
Total Assets	\$ 137,393	\$ 183,599

Liabilities (000's)

Notes payable	\$ 8,436	\$ 31,788
Long-term debt, curr.	6,460	6,815
Accounts payable & accruals	32,250	29,344
Curr. Liabilities	\$ 47,146	\$ 67,947
Long-term debt	23,088	39,584
Cap. lease oblig.	2,268	2,608
Other liabilities	—	—
deferred credits	1,798	1,911
+ Preferred stock	422	562

The Marcade Group Inc.

+ Common stock	5,104	4,857
Add. paid-in capital	50,992	47,926
Retained earnings	6,575	18,204

Total Liabilities & Shareholders' Equity	\$ 137,393	\$ 183,599
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* At lower of cost or market. FIFO for apparel operations; retail method for outlet stores.
 # Less accumulated depreciation and amortization.
 + \$1 per value.

Statistical Summary

Sales to Inventories	4.69	4.50
Debt to Equity	0.64	1.13
Working Capital	\$48,295,000	\$69,187,000
Current Ratio	2.02	2.02
Shareholders' Equity	\$63,093,000	\$71,549,000

Manville Corporation

(Operating under Chapter 11 of the U.S. Bankruptcy Code)

Ken-Caryl Ranch
 P.O. Box 5108
 Denver, Colorado 80217
 (303) 978-2000

Officers: George C. Dillon, chairman; W. Thomas Stephens, president & chief exec. officer; S. Rollins Heath, Jr., exec. v.p.; Alfred B. Gough, sr. v.p. & pres.-Specialty Products Group; John D.C. Roach, sr. v.p.; William A. Sells, Jr., sr. v.p. & pres.-Fiber Glass Group; Harry W. Sherman, sr. v.p. & pres.-Forest Products Group; Chester J. Sulewski, sr. v.p.; Richard B. Von Wald, sr. v.p. & gen. counsel; James F. Beasley, Roger H. Bengtson, Robert E. Cole, Donald L. Ferguson, William B. Reitze, John H. Swensen, v.p.'s; Robert A. Boardman, secretary; C. Van Draper, treasurer; Frank R. McCauley, controller.

Directors: George C. Dillon, Robert L. Goddes, William C. Jans, William F. May, George B. Munroe, John P. Schroeder, John A. Love, Charles J. Zwick, Aaron A. Gold, James N. Land, Jr., G. Earle Parker, W. Thomas Stephens, William D. Tucker, Jr.

Business Activities: One of the largest producers of fiber glass products and beverage carrier board and cartons, and suppliers of diatomite, a primary filtering agent and filler used by the beverage, pharmaceutical, paint, and food processing industries. The Fiber Glass Group produces insulation fiber and continuous strand fiber glass filament. End products manufactured include a wide range of thermal and acoustical insulations, fiber glass specialty and roofing mats, and glass fibers and reinforcements, for use by a variety of industries.

Trademarks and/or Brand Names: BestPack™, FastPak™, Mobinsul®, Rich-R™, Spintex™, Suspend-R®, Win-It™, Dura Foil®, Dura Glass™, Glass Thane™, Microliht®, Quilite®, Temptran®.

U.S. Plant Location(s): Fort Worth, Nagogochos & Cleburne, Tx.; Bakersfield, Lompoc, Pittsburg, Corona & Wilkows, Ca.; Defiance, Cincinnati, Newark, Pensacola, Springfield, Utica & Waterville, Oh.; McPherson, Ks.; Parkersburg, W.V.; Jamesburg, Edison, Penbryn, N.J.; Richmond, Elkhart, In.; Savannah & Winder, Ga.; West Monroe & Joyce, La.; Naichez & Clinton, Mis.; Richmond, Edinburg, Va.; Etowah & Memphis, Tenn.; Waukegan, Rockdale & Kankakee, Ill.; Hutig, Arkansas; Lewiston, Maine; North Billerica, Massachusetts; Nashua, New Hampshire; Laurinberg & Charlotte, North Carolina; Zellenople, Pennsylvania; Marshfield, Madison, Wisconsin; No Agua, N.M.; Antonio, Colo.; Tucson, Ariz.

Operating Groups:

Fiber Glass Group
 Forest Products Group
 Specialty Products Group

Transfer Agent(s):

Morgan Shareholder Services Trust Company
 30 West Broadway
 New York, New York 10007

Stock Exchange(s): New York, Midwest*, Pacific*, Boston*, Cincinnati*, Philadelphia*.

* Unlisted trading privileges.

Ticker Symbol: MAN

Sales and Earnings

	Net Sales +	Net Income
1986	\$1,920,262,000	\$ 81,228,000
1985	1,880,048,000	(45,067,000)
1984	1,814,184,000	77,227,000
1983	1,729,465,000	67,194,000
1982	1,684,588,000	(97,584,000)

	No. of Com. Shares	Earn. per Share #
1986	24,000,833	\$ 2.34
1985	24,000,570	—
1984	24,000,242	2.18
1983	23,999,958	1.76
1982	23,989,513	—

(Loss)

+ Of continuing operations only.

Based on the average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Fiber glass prods.	\$ 806,792	\$ 800,101
Forest prods.	539,948	444,900
Specialty prods.	606,676	671,327
Interseg. sales	(33,154)	(36,280)
Total	\$ 1,920,252	\$ 1,880,048

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 971,943,000	\$ 40.58
1985	878,226,000	36.59
1984	816,027,000	37.33
1983	810,864,000	34.62
1982	765,239,000	31.90

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 1,920,262	\$ 1,880,048
Cost of sales	1,451,786	1,472,766
Expenses	273,775	281,346
Interest expense	20,028	22,627
Asbestos health costs	11,176	51,571
Chap. XI costs	16,999	9,471
Restruct. charges	46,975	152,916
Other income	(38,805)	(63,432)
Inc. (loss) bef. taxes	\$ 138,328	\$ (47,217)
Income taxes (credit)	57,100	(2,150)
Net Income (Loss)	\$ 81,228	\$ (45,067)

* Included in Costs and Expenses, Depreciation and Depletion: \$89,676,000 in 1986 and \$84,306,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 7,957	\$ 6,588
Marketable securities	436,716	313,762
Accts. receiv., net	291,524	313,812

*Inventories	153,202	153,383
Prepaid expenses	24,278	29,498

Current Assets	\$ 913,677	\$ 817,043
#Fixed assets	1,434,284	1,402,478
Defer. charges & other assets	165,382	173,726

Total Assets	\$ 2,513,343	\$ 2,393,247
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Liabilities (000's)

Short-term debt	\$ 30,058	\$ 26,136
Accts. payable	92,712	84,429
Accruals	62,290	69,129
Accrued compen.	102,975	94,195
Taxes	16,358	12,132

Curr. Liabilities	\$ 304,393	\$ 286,021
Liab. subj. to chap. XI	575,464	577,913
Long-term debt	80,133	91,730
Other liabilities	117,943	114,777
Deferred inc. taxes	160,667	143,780
+ Preferred stock	300,800	300,800
+ + Common stock	60,172	60,172
Add. paid-in capital	178,400	178,400
Retained earnings	748,695	667,469
Cum. currency trans. adj.	(11,248)	(25,731)
Treasury stock	(2,076)	(2,084)

Total Liabilities & Shareholders' Equity	\$ 2,513,343	\$ 2,393,247
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* At lower of cost (principally LIFO) or market.
 # Less accumulated depreciation and depletion.
 + \$1 per value.
 + + \$2.50 per value.

Statistical Summary

%Income bef. Taxes	7.20	—
- to Sales	4.23	—
%Net Income to Sales	8.34	—
%Net Income to Equity	12.53	12.26
Sales to Inventories	0.11	0.13
Debt to Equity	\$609,284,000	\$531,022,000
Working Capital	3.00	2.86
Current Ratio	\$973,943,000	\$878,226,000
Shareholders' Equity		

The Marcade Group Inc.

1372 Broadway
 2nd Floor
 New York, New York 10018
 (212) 944-0877

Officers: Robert K. Lifton, Howard L. Weingrow, co-chairmen of the board & assistant secretaries; Charles S. Ramat, president & secretary; John Kuehn, treasurer, sr. v.p.-finance & administration & asst. secretary.

Directors: Robert K. Lifton, Howard L. Weingrow, co-chairmen; William M. Lendman, Charles S. Ramat, David N. Schreiber, Herbert I. Wexler.

Business Activities: Manufactures a wide variety of women's clothing.

Divisions and Subsidiaries:

Marlene Industries Corporation
 1372 Broadway
 New York, New York 10018

Acquisition:

Booth Bay Ltd.
 Apparel manufacturer.

Transfer Agent(s):

Manufacturers Hanover Trust Company
 P.O. Box 24935
 Church St. Station
 New York, N.Y. 10249

The Marcade Group Inc.

Stock Exchange(s): New York

Ticker Symbol: MAR

Sales and Earnings			
	Revenues +	Net Income #	
1987	\$ 72,286,000	\$ 15,119,000	
1986*	69,084,000	(10,511,000)	
1985	71,383,000	(21,934,000)	
1984	140,217,000	(8,838,000)	
1983	154,529,000	(8,186,000)	
	No. of Com. Shares	Earn. per Share ‡	
1987	9,266,364	\$ 1.39	
1986*	9,274,224	—	
1985	9,274,824	—	
1984	9,397,545	—	
1983	9,349,430	—	

(Loss)

* 53 weeks.

+ Of continuing operations only.

Including extraordinary gain of \$14,795,000 (\$1.36 per share) in 1987.

‡ Based on the weighted average number of common shares outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1987	\$ 188,000‡	\$ 0.02
1986	(14,922,000)	—
1985	(4,411,000)	—
1984	17,748,000	1.89
1983	26,447,000	2.83

(Deficiency)

‡ After allowing for preferred stock at liquidation values.

Income Account * (000's)		
Year ended	1/31/87	2/1/86 (53 weeks)
Revenues	\$ 72,286	\$ 69,084
Cost of sales	59,096	58,012
Expenses	10,073	15,715
Interest expense	2,591	3,479
Gain on dispos. of units	—	(1,453)
Inc. (loss) bef. taxes	\$ 526,000	\$ (6,669,000)
Income taxes	202,000	—
Inc. (loss) - cont. oper.	\$ 324,000	\$ (6,669,000)
Loss - discount oper.	—	(3,842,000)
Net Income (Loss)	\$ 324,000	\$ (10,511,000)
Extrord. gain	14,795,000	—
Net Income (Loss) & extrord. gain	\$ 15,119,000	\$ (10,511,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$605,000 in 1987 and \$596,000 in 1986.

Assets (000's)		
As of	1/31/87	2/1/86-
Cash	\$ 445	\$ 948
Assets to be disposed	—	1,500
Receivables	5,852	6,212
Inventories	19,705	13,860
Prepaid expenses	677	734
Current Assets	\$ 26,679	\$ 23,254
#Fixed assets	3,006	2,656
Intangibles	5,583	—
Leasehold costs, rent, depts. & other assets	631	1,073
Total Assets	\$ 35,899	\$ 26,983

Liabilities		
Notes payable	\$ 965	\$ 9,350
Long-term debt	333	21,484
Accts. payable	6,073	1,815
Accruals	4,916	5,288
Est. costs of dispos.	2,287	3,443
Curr. Liabilities	\$ 14,574	\$ 41,380
Long-term debt	13,737	525
Subord. Notes	2,000	—
Sr. convert. notes	2,000	—
+ Preferred stock	3,400	—
+ Common stock	954	954
Add. paid-in capital	4,005	4,005
Retained earnings (deficit)	(3,844)	(18,963)
Treasury stock	(927)	(918)
Total Liabilities & Shareholders' Equity	\$ 35,899	\$ 26,983

* At lower of cost or market by the retail method; mfg. inventories at lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	0.73	—
%Net Income to Sales	0.45	—
%Net Income to Equity	9.03	—
Debt to Equity	4.19	—
Working Capital	\$12,105,000	\$12,105,000
Current Ratio	1.83	1.83
Shareholders' Equity (Deficiency)	\$ 3,588,000	\$(14,922,000)

Martin Processing, Inc.

P.O. Box 5068
Martinsville, Virginia 24115
(703) 629-1711

Officers: William F. Franck, chairman; R. Keith Smith, president; Donald C. Martin, exec. v.p.; Stephen A. Briley, treasurer; Richard G. Tilley, Ronald W. Martin, Alan Taylor, v.p.'s; Martha T. Wagner, secretary.

Directors: William F. Franck, chairman; R. Keith Smith, Salvatore S. Hermes, Walter B. Guinan, Charles A. Hayes, Donald C. Martin, Fred G. Crumpler, Jr., Jack F. Hankins.

Business Activities: Engaged in twisting, plying, heat setting and solid or multiple color dyeing of nylon yarns for carpeting. Its principal products are solid dyed and multi-colored hat-set nylon and polyester yarns for the manufacture of tufted, broadloom and woven carpeting; twisted, heat-set undyed yarns for piece-dyeing of carpets. Supplies dyed tow, top, colored worsted spun and novelty yarns for the apparel and home furnishings trade. Also dyed, specially treated polyester film for color control, decorative and other applications.

Trademarks and/or Brand Names: Ljumar, Sunshine.

Plant Location(s): Martinsville & Rocky Mount, Virginia.

Subsidiary:

Rainbow Custom Products
Retail sale of Sunshine window films through retail automotive and home improvement stores.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: MPI

Sales and Earnings

	Net Sales +	Net Income †
1986	\$ 46,570,000	\$ 2,305,000
1985	42,871,000	2,415,000
1984	33,117,000	2,812,000
1983	29,002,000	1,667,000
1982	38,686,000	(9,151,000)
	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,964,000	\$ 0.46
1985	4,964,000	0.49
1984	4,964,000	0.57
1983	4,964,000	0.34
1982	4,964,000	—

(Loss)

+ Of continuing operations only.

† Including extraordinary credits of \$1,142,000 (\$0.23 per share) in 1985, \$1,350,000 (\$0.27 per share) in 1984 and \$559,000 (\$0.11 per share) in 1983.

‡ Based on average number of shares outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.08	—	3-for-1
Common Stock Equity			
	Total Equity	Equity Per Share +	
1986	\$ 30,360,000	\$ 6.12	
1985	28,455,000	5.73	
1984	26,020,000	5.24	
1983	23,208,000	4.68	
1982	21,541,000	4.34	

‡ Adjusted to reflect stock split.

Income Account * (000's)		
Year ended	1986	1985
Dec. 31		
Net sales	\$ 46,570	\$ 42,871
Cost of sales	34,790	32,628
Other revenues	(241)	(328)
Expenses	7,724	6,613
Interest expense	762	688
Prov. for loss on term. of oper.	—	1,329
Minority interest in inc. of subd.	394	225
Income before taxes	\$ 3,141	\$ 1,716
Income taxes	680	841
Inc. -cont. oper.	\$ 2,461	\$ 875
Inc. (loss) - discount oper.	(156)	398
Net Income	\$ 2,305	\$ 1,273
Extrord. gain	—	1,142
Net Income & extrord. gain	\$ 2,305	\$ 2,415

* Included in Costs and Expenses, Depreciation: \$2,676,000 in 1986 and \$2,521,000 in 1985.

Assets (000's)		
As of Dec. 31	1986	1985
Cash	\$ 542	\$ 247
Accts. receiv., net	5,561	5,335
*Inventories	12,455	12,178
Prepaid expenses	890	499
Current Assets	\$ 19,448	\$ 18,259
#Fixed assets	20,975	22,214

Mohasco Corporation

Receiv. from sale of discount oper.	2,137	—
Intangibles	1,199	1,293
Deposits & misc.	298	889
Total Assets	\$ 44,057	\$ 42,655
Liabilities		
Notes payable	\$ 75	\$ 273
Long-term debt, curr.	1,247	1,409
Accts. payable	4,106	4,866
Customer deposits	—	86
Accruals	533	759
Income taxes	97	235
Curr. Liabilities	\$ 6,058	\$ 7,648
Long-term debt	5,311	5,102
Retire. benefits	722	712
Deferred inc. taxes	548	—
Minority interest	1,058	758
+ Common stock	4,964	4,964
Add. paid-in capital	1,957	1,957
Retained earnings	23,439	21,514
Total Liabilities & Shareholders' Equity	\$ 44,057	\$ 42,655

* At lower of cost (primarily FIFO) or market.

† Less accumulated depreciation.

+ \$1 per value.

Statistical Summary		
%Net Income to Equity	7.59	4.48
Sales to Inventories	3.74	3.52
Debt to Equity	0.22	0.24
Working Capital	\$13,390,000	\$10,611,000
Current Ratio	3.21	2.39
Shareholders' Equity	\$30,360,000	\$28,435,000

McRae Industries, Inc.

P.O. Box 726
Mount Gilead, North Carolina 27306
(919) 439-6147

Officers: Branson J. McRae, chairman, president & treasurer;
D. Gary McRae, first v.p.; Victor A. Karam, v.p.-footwear;
Thaddeus R. Todder, secretary; Harold W. Smith, v.p.-finance
& accounting; James W. McRae, asst. secretary; Charles V.
Bece, controller.

Directors: Branson J. McRae, chairman; Thaddeus R. Todder,
George M. Bruton, Brady W. Dickson, Victor A. Karam, D.
Gary McRae, Harold W. Smith, Hilton J. Cochran, James W.
McRae.

Business Activities: Manufactures combat boots for the U.S.
armed forces, and camouflage pants, jackets and field coats
primarily for the sporting goods market. In addition, the Company
manufactures electronic systems and computer software,
operates a restaurant and a lodging facility, sells and services
photocopiers, operates a printing business, and is engaged in
various financing and leasing activities.

Plant Location(s): Wadeville, Troy, and Raeford, North
Carolina.

Divisions and Subsidiaries:

Footwear Division
Racraft Apparel
Compco, Inc.
McRae Boot, Inc.
McRae Graphics, Inc.
Racprint Packaging, Inc.
Facts Business Equipment, Inc.
Sandhill Fabricators, Inc.
Hoke Development Company

Transfer Agent(s):

First Union National Bank
Corporate Trust Department
First Union Plaza
Charlotte, North Carolina 28288

Stock Exchange(s): American

Ticker Symbol: MRI-A and MRI-B

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 23,278,681	\$ 1,184,822
1985*	22,338,782	833,200
1984	15,558,625	(598,607)
1983	12,369,319	141,215
1982	12,408,776	1,481,747
	No. of Com. Shares †	Earn. per Share ‡
1986	2,675,654	\$ 0.44
1985*	2,675,654	0.31
1984	2,675,654	—
1983	2,671,970	0.05
1982	2,639,024	0.56
(Loss)		
* 53 weeks.		
‡ Based on the weighted average number of common shares and common share equivalents outstanding.		

Revenues By Line of Business		
	1986	1985
Footwear & apparel mfg.	\$ 16,508,044	\$ 17,287,880
Elec. syste. develop. & sales	3,196,529	2,981,976
Financing & leasing	67,621	127,041
Food & lodging	616,982	548,911
Photocopier sales & leasing	2,889,505	1,392,974
Total	\$ 23,278,681	\$ 22,338,782

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.10	—	—
1985	0.10	—	—
1984	—	—	—
1983	0.025	—	—
1982	0.203	—	—

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 6,971,912	\$ 2.61
1985	5,921,080	2.21
1984	5,221,679	1.95
1983	5,820,296	2.18

‡ Based on the weighted average number of common shares
and common share equivalents outstanding.

Income Account *		
Year ended	8/2/86	8/3/85 (53 weeks)
Net revenues	\$ 23,278,681	\$ 22,338,782
Cost of sales	18,035,631	17,770,896
Expenses	2,996,936	2,320,077
Other expense (income)	(149,897)	134,515
Interest expense	184,765	266,038
Eq. in loss of investees	99,774	192,592
Income before taxes	\$ 2,151,472	\$ 1,654,644
Income taxes	966,650	821,444
Net Income	\$ 1,184,822	\$ 833,200

* Included in Costs and Expenses, Depreciation: \$478,464 in
1986 and \$419,577 in 1985.

Assets		
As of	8/2/86	8/3/85
Cash	\$ 80,169	\$ 332,060
Short-term invest.	12,570	460,173
Marketable securities	232,972	226,095
Accts. receiv., net	2,733,337	2,161,338
*Inventories	3,482,746	2,396,528
Invest. in cap. leases	367,265	214,837
Prepaid expenses	123,497	52,471
Current Assets	\$ 7,032,556	\$ 5,843,502

Investments - rel. cos.	193,318	253,092
Notes receiv. - rel. cos.	365,187	351,186
#Fixed assets	3,361,203	3,358,309
Land held for develop.	46,200	122,900
Invest. in cap. leases	401,047	278,870
Undeveloped land	150,720	271,723
Other assets	190,501	163,282

Total Assets	\$ 11,740,732	\$ 10,642,864
Liabilities		
Notes payable	\$ 1,046,800	\$ 300,820
Long-term debt, curr.	190,118	265,450
Accts. payable	1,100,776	2,043,757
Accrued emp. benefits	475,519	271,114
Other accruals	669,005	447,430
Income taxes	78,971	416,178
Curr. Liabilities	\$ 3,561,189	\$ 3,744,749
Long-term debt	621,612	626,326
Deferred inc. taxes	586,019	350,709
+ Common stock:		
Class A	1,343,888	1,339,742
Class B	1,331,766	1,335,912
Add. paid-in capital	576,221	576,771
Retained earnings	3,719,487	2,668,655

**Total Liabilities &
Shareholders' Equity** \$ 11,740,732 \$ 10,642,864

* At lower of cost or market. Footwear inventories at LIFO; all
others at FIFO.

† Less accumulated depreciation.

+ \$1 per value.

Statistical Summary		
%Income bef. Taxes to Sales	9.24	7.41
%Net Income to Sales	5.09	3.73
%Net Income to Equity	16.99	14.07
Sales to Inventories	6.68	9.32
Debt to Equity	0.27	0.20
Working Capital	\$3,471,367	\$2,098,753
Current Ratio	1.97	1.56
Shareholders' Equity	\$6,971,912	\$5,921,080

Mohasco Corporation

57 Lyon Street
Amsterdam, New York 12010
(518) 841-2211

Officers: Herbert J. Broner, chairman of the board, president
& chief executive officer; Charles M. Egan, exec. v.p.-
furniture operations; David L. Kolb, exec. v.p.-carpet opera-
tions; Robert W. Overholzer, v.p.-finance & chief financial
officer; Joseph P. Lamb, v.p.-human resources; Albert F.
Smith, treasurer; Joseph P. Flanagan, asst. secretary and gen.
counsel.

Directors: Robert G. Loewy, Hester Turner*, Stuart D. Wat-
son*, Everett C. Reed*, Charlie W. Jones, Herbert J. Broner*,
Larry W. McCurdy*, Allan R. Dragone, Allan J. Blostein,
Frederick V. Malek.

* Member of the Executive Committee.

Business Activities: Engaged in the interior furnishings indus-
try, with broad interests in carpeting, furniture, distribution and
furniture rentals. Its products include: carpets by Alexander
Smith, Firth and Mohawk; furniture by Bercalounger, Chrom-
craft, Avon, Monarch, Peters-Revington, Stratford, Strato-
lounge, Super Sagless and Trend Line.

Carpet Trademarks and/or Brand Names: Alexander
Smith, Mohawk, Firth, Mohasco.

Carpet Plant Location(s): Dillon, Liberty & Bennettsville,
S.C.; Dublin, Ga.; Mexico.

Divisions and Subsidiaries:

Carpet Operations:

Alexander Smith
Firth
Mohawk
Alfombras Mohawk de Mexico, S.A.
Tapetes LUXOR, S.A.

Mohasco Corporation

Furniture Operations:

Chromcraft Corporation
Sensobia, Mississippi

Mohasco Upholstered Furniture Corporation

Peters-Revington Corporation
Delphi, Indiana

Super Sagless Corporation
Tupelo, Mississippi

Rental Operations:

Cort Furniture Rental Corporation
Fairfax, Virginia

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street, 8th floor
New York, New York 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: MOH

Sales and Earnings		
	Net Sales † (000's)	Net Income † (000's)
1986	\$ 757,700	\$ 15,800
1985	760,100	17,100
1984	716,300	17,600
1983	643,800	13,100
1982	559,600	(7,600)
	No. of Com. Shares#	Earn. per Share ‡
1986	9,217,075	\$ 1.72
1985	9,093,975	1.74
1984	10,109,156	1.73
1983	10,090,554	1.30
1982	9,869,958	—

(Loss)

† Includes other revenues.

‡ Including extraordinary gain of \$1,368,000 in 1982.

Adjusted to reflect stock split.

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business		
	1986	1985
Carpet	\$ 297,182	\$ 320,252
Furniture	376,933	368,229
Rental	83,595	71,655
Total	\$ 757,710	\$ 760,136

Common Stock		
	Cash Dividend†	Stock Dividend Split
1986	\$0.34	—
1985	0.29½	—
1984	0.24	—
1983	0.10½	—
1982	—	—

† Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 226,500,000	\$ 24.58
1985	212,500,000	23.37
1984	219,700,000	21.73
1983	204,400,000	20.26
1982	190,800,000	19.33

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales & other revenues	\$ 757,710	\$ 760,136
Cost of sales	552,539	563,199
Expenses	161,631	158,738
Oper. profit	\$ 43,520	\$ 38,199
Interest expense	9,203	10,460
Other expense (income)	365	(3,531)
Income bef. taxes	\$ 33,952	\$ 31,270
Income taxes	18,117	14,213
Net Income	\$ 15,835	\$ 17,057

* Included in Costs and Expenses, Depreciation and Amortization: \$22,339,000 in 1986 and \$21,157,000 in 1985.

Assets (000's)		
As of Dec. 31	1986	1985
Cash & cash equiv.	\$ 1,011	\$ 4,516
Accts. & notes receiv., net	115,547	122,218
*Inventories	87,939	96,667
Prepaid expenses	17,715	15,674
Rental furniture	10,453	10,141
Current Assets	\$ 232,685	\$ 249,216
Rental furniture	40,539	36,810
#Fixed assets	103,361	104,422
Other assets	9,010	8,809
Total Assets	\$ 385,595	\$ 399,257
Liabilities (000's)		
Notes payable	\$ 6,435	\$ 30,824
Long-term debt, curr.	19,845	5,522
Accts. payable	35,037	37,408
Accruals	32,133	28,347
Income taxes	1,275	800
Curr. Liabilities	\$ 94,725	\$ 102,901
Long-term debt	43,234	61,262
Other liabilities	8,573	13,405
Deferred inc. taxes	11,704	8,376
+ Redeem. pref. stock	—	—
3½% series	252	252
4.20% series	544	544
+ Common stock	53,105	34,965
Add. paid-in capital	19,394	35,938
Retained earnings	179,675	166,997
Treasury stock	(25,611)	(25,383)
Total Liabilities & Shareholders' Equity	\$ 385,595	\$ 399,257

* At cost (LIFO).

Less accumulated depreciation and amortization.

+ \$100 per value; cumulative.

+ + \$5 per value.

Statistical Summary		
%Income bef. Taxes to Sales	4.48	4.11
%Net Income to Sales	2.09	2.24
%Net Income to Equity	6.99	8.03
Sales to Inventories	8.61	7.86
Debt to Equity	0.19	0.46
Working Capital	\$107,960,000	\$146,315,000
Current Ratio	2.46	2.42
Shareholders' Equity	\$226,563,000	\$212,517,000

Monsanto Company

800 N. Lindbergh Boulevard
St. Louis, Missouri 63167
(314) 694-1000

Officers: Richard J. Mahoney, chairman & chief executive officer; Earle H. Harrison, Jr., president & chief operating officer; Nicholas L. Roding, exec. v.p.; Robert L. Berra, Howard A. Schneiderman, Harold J. Corbett, sr. v.p.'s; Thomas L. Gossage, Robert G. Potter, group v.p.'s; Francis A. Stroble, sr. v.p. & chief financial officer; Richard Duesenberg, sr. v.p., secretary & general counsel; Stewart D. Daniels, Earl N. Brasfield, Richard A. Overton, David L. Sliney, Thomas H. Laffere, James H. Senger, Leonard A. Cohn, Martin J. Kallen, S. Allen Heininger, vice presidents; Lawrence B. Skatoff, v.p. & controller; B. Clark Harris, v.p. & treasurer.

Directors: Richard J. Mahoney*, chairman; John W. Hasley*, Donald C. Carroll, C.R. Dahl, Richard I. Fricke, Jean Mayer, Stansfield Turner, Howard M. Love, Buck Mickel, Margaret Bush Wilson*, John B. Slaughter, Joan T. Bok, Earle M. Harrison, Jr.*, John S. Reed, William D. Ruckelshaus.

* Member of the Executive Committee.

Business Activities: Engaged in the worldwide manufacture and sale of a diversified line of chemical and agricultural products, prescription pharmaceuticals, low-calorie sweeteners, industrial process control equipment, man-made fibers, plastics and electronic materials. Textile products include nylon staple fibers for carpets, Acrilan acrylic fibers used in the manufacture of socks, sweatsuits, upholstery, craft yarn and sweaters, and nylon filament with a variety of industrial and carpet-end uses.

Textile Trademarks and/or Brand Names: A-Acrilan, Acrilan, AstroTurf, Bi-Loft, Corex, Chemstrand, Elum, SEF, Pa-Quel, So-Lara, Fi-Lara, Ultron, Wear-Dated, Remember.

Operating Units:

Monsanto Agricultural Company
Monsanto Chemicals Company
Monsanto Electronic Materials Company
Fisher Controls International, Inc.
G.D. Searle & Co.
The NutraSweet Company

Subsidiaries & Affiliates:

Hybritech Seed International Inc.
Basic genetic research to produce hybridized wheat.

Monsanto Enviro-Chem Systems, Inc.
Develops and markets engineered chemical facilities and pollution abatement system.

Monsanto International Finance Company
Obtains funds abroad to help finance overseas expansion.

Monsanto Research Corporation
Conducts research for government agencies and for Monsanto; produces nuclear sources; operates a government-owned laboratory.

Monsanto Canada Ltd.
Manufactures chemicals and plastics.

Monsanto Argentina S.A.I.C.
Manufactures plastics and chemicals.

Industrias Resistol S.A. (39% interest) - Mexico
Produces chemicals and plastics.

Monsanto Europe S.A. - Belgium
Manufactures plastics and chemicals in Belgium and conducts marketing activities throughout Europe.

Monsanto do Brasil S.A. - Brazil
Manufactures rubber chemicals and phosphates and process control equipment.

Societe Monsanto S.A. - France
Manufactures plastics.

Monsanto (Swiss) S.A.
Markets Monsanto products throughout Switzerland.

Monsanto (Deutschland) GmbH - West Germany
Markets Monsanto products.

Movie Star, Inc.

Monsanto Australia Ltd.

Manufactures chemicals and plastics. Affiliate companies produce fluorocarbons and Styrene monomer, synthetic latex products.

Mitsubishi Monsanto Chemical Company (49% interest) - Japan

Manufactures chemicals and plastics.

Monsanto Electronics Sendirian Berhad Malaysia

Silicon slicing and polishing.

Korag Company Limited (50% interest)

Manufactures agricultural chemicals.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Amsterdam, Brussels, Frankfurt, Geneva, London, Paris, Zurich

Ticker Symbol: MTC

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1986	\$ 6,879,000	\$ 433,000
1985	6,747,000	(98,000)
1984	6,691,000	439,000
1983	6,299,000	402,000
1982	6,325,000	352,000

	No. of Com. Shares †	Earn. per Share + ‡
1986	77,659,089	\$ 5.55
1985	76,752,553	—
1984	78,281,026	5.42
1983	81,842,592	4.89
1982	81,195,222	4.39

(Loss)

‡ Including extraordinary gains of \$30,000,000 (\$0.40 per share) in 1985, \$33,000,000 (\$0.41 per share) in 1983 and \$23,000,000 (\$0.29 per share) in 1982.

† Adjusted to reflect stock split.

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Agricultural prods.	\$ 1,153,000	\$ 1,152,000
Chemicals	3,548,000	4,051,000
Electronic materials	154,000	137,000
Fisher Controls	645,000	652,000
NutraSweet	711,000	317,000
Pharmaceuticals	665,000	262,000
Oil & gas	—	172,000
Corp. items & eliminations	3,000	4,000
Total	\$ 6,879,000	\$ 6,747,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	\$2.575	—	—
1985	2.45	—	—
1984	2.25	—	2-for-1
1983	2.075	—	—
1982	1.975	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1986	\$ 3,781,000	\$ 48.69
1985	3,407,000	44.39
1984	3,634,000	46.42
1983	3,677,000	44.93
1982	3,490,000	42.98

† Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 6,879,000	\$ 6,747,000
Cost of sales	4,344,000	4,841,000
Expenses	1,900,000	2,504,000
Oper. profit (loss)	\$ 635,000	\$ (598,000)
Other income	202,000	86,000
Total	\$ 837,000	\$ (512,000)
Interest expense	201,000	178,000
Gain from sale	—	(392,000)
Income (loss) bef. taxes	\$ 636,000	\$ (298,000)
Income taxes (credit)	203,000	(170,000)
Net Income (Loss)	\$ 433,000	\$ (128,000)
Extraord. gain	—	30,000
Net Income (Loss) & extraord. gain	\$ 433,000	\$ (98,000)

* Included in Costs and Expenses, Depreciation, Obsolescence and Depletion: \$780,000 in 1986 and \$599,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 206,000	\$ 195,000
Marketable securities	68,000	98,000
Receiv., net	1,465,000	1,887,000
* Inventories	1,069,000	1,097,000
Curr. Assets	\$ 2,808,000	\$ 3,277,000
Investments & other assets	2,548,000	2,566,000
# Fixed assets	2,913,000	3,034,000
Total Assets	\$ 8,269,000	\$ 8,877,000

Liabilities

	1986	1985
Accounts payable	\$ 460,000	\$ 522,000
Wages & commissions	133,000	129,000
Inc. & other taxes	157,000	348,000
Misc. accruals	577,000	675,000
Short-term debt	389,000	704,000
Curr. Liabilities	\$ 1,716,000	\$ 2,378,000
Long-term debt	1,630,000	2,087,000
Other liabilities	594,000	421,000
Deferred inc. taxes	548,000	584,000
+ Common stock	164,000	164,000
Add. paid-in capital	861,000	854,000
Accum. curr. adjust.	(96,000)	(191,000)
Retained earnings	3,058,000	2,824,000
Treasury stock	(204,000)	(244,000)
Total Liabilities & Shareholders' Equity	\$ 8,269,000	\$ 8,877,000

* At lower of cost (domestic inventories at LIFO; all others at FIFO) or market.

Less accumulated depreciation and depletion, etc.

+ \$2 per value.

Statistical Summary

%Income bef. Taxes to Sales	9.25	—
%Net Income to Sales	6.29	—
%Net Income to Equity	11.45	—
Sales to Inventories	6.43	6.15
Debt to Equity	0.43	0.61
Working Capital	\$1,092,000,000	\$ 899,000,000
Current Ratio	1.64	1.38
Shareholders' Equity	\$3,781,000,000	\$3,407,000,000

Movie Star, Inc.

392 Fifth Avenue
New York, New York 10018
(212) 563-3000

Officers: Irwin Goldberger, chairman & president; Gary Goldberger, Michael Goldberger, v.p.'s; Enrico Varani, v.p.-sales; Russell Ladner, v.p.-mfg.; Charles Heilbronner, v.p.-operations; Neil S. Rothfeld, exec. v.p., treasurer & secretary; I. Robert Harris, asst. secretary.

Directors: Joseph C. Fox, Irwin Goldberger, Mollie Kaufman, Irwin J. Gusman, Neil S. Rothfeld, I. Robert Harris, Saul S. Silverman, Burton Rubin.

Business Activities: Designs, manufactures and markets lingerie and loungewear, producing daywear, sleepwear and loungewear under names Movie Star (lingerie), Movie Star Loungewear, Cinema Eloile, and Cine Star. The Irwin B. Schwabe division manufactures men's work and leisure shirts which are principally sold to Sears Roebuck & Co.

Trademarks and/or Brand Names: Movie Star, Movie Star Loungewear, Movie Starlet, Cinema Eloile, Cine Star, Betty Boop.

Plant Locations: Poplarville, Purvis, Ellsville, Sumrall, Lumberton, New Albany, Ackerman, Sardis, Hickory Flat, Paden, Ecru, Miss.; San Sebastian, Puerto Rico.

Divisions:

Irwin B. Schwabe Division
Cinema Eloile Division
Cine Star Division

Transfer Agent(s):

The Chase Manhattan Bank
New York, New York

Stock Exchange(s): American

Ticker Symbol: MVSA

Sales and Earnings

	Net Sales	Net Income
1986	\$ 72,717,000	\$ (2,016,000)
1985	77,001,000	774,000
1984	75,717,000	1,545,000
1983	63,347,000	636,000
1982	66,150,000	1,154,000

	No. of Com. Shares †	Earn. per Share ‡
1986	834,600	\$ —
1985	834,600	0.93
1984	834,600	1.85
1983	834,600	0.76
1982	834,600	1.38

(Loss)

‡ Based on the average number of Class A and Class B common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985 Class A	0.45	—	—
1984 Class A	0.60	—	—
1983 Class A	0.60	—	—
1982 Class A	0.60	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 17,838,000	\$ 21.37
1985	19,854,000	23.79
1984	19,456,000	23.31
1983	18,412,000	22.06
1982	18,277,000	21.90

‡ Based on the average number of Class A and Class B common shares and common share equivalents outstanding.

Movie Star, Inc.

Income Account *		
Year ended	5/31/86	6/1/85
Net sales	\$ 72,717,000	\$ 77,001,000
Cost of sales	57,639,000	59,610,000
Expenses	16,443,000	15,822,000
Interest expense	1,821,000	1,972,000
Other expense (income)	166,000	(1,273,000)
Income (loss) before taxes	\$ (3,352,000)	\$ 870,000
Income taxes (credit)	(1,336,000)	96,000
Net Income (Loss)	\$ (2,016,000)	\$ 774,000

* Included in Costs and Expenses, Depreciation and Amortization: \$930,000 in 1986 and \$828,000 in 1985.

Assets		
As of	5/31/86	6/1/85
Cash	\$ 2,499,000	\$ 2,381,000
Accts. receiv., net	6,554,000	7,681,000
Inventories	21,036,000	27,476,000
Prepaid expenses	1,886,000	1,989,000
Current Assets	\$ 31,975,000	\$ 39,527,000
Fixed assets	8,066,000	7,310,000
Sundry assets	559,000	588,000
Total Assets	\$ 40,600,000	\$ 47,425,000
Liabilities		
Notes payable	\$ 14,500,000	\$ 16,600,000
Long-term debt, curr.	798,000	1,275,000
Accts. payable	3,805,000	5,786,000
Accruals	1,909,000	2,158,000
Curr. Liabilities	\$ 21,012,000	\$ 25,819,000
Long-term debt	1,412,000	1,562,000
Deferred compensation	338,000	490,000
+ Common stock:		
Class A	449,000	449,000
Add. paid-in capital	1,537,000	1,537,000
Retained earnings	16,463,000	18,479,000
Treasury stock	(611,000)	(611,000)
Total Liabilities & Shareholders' Equity	\$ 40,600,000	\$ 47,425,000

* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary		
%Income bef. Taxes to Sales	—	1.13
%Net Income to Sales	—	1.01
%Net Income to Equity	—	3.90
Sales to Inventories	3.46	2.80
Debt to Equity	0.94	0.98
Working Capital	\$10,963,000	\$13,708,000
Current Ratio	1.52	1.53
Shareholders' Equity	\$17,838,000	\$19,854,000

Munsingwear, Inc.

724 North First Street
Minneapolis, Minnesota 55401
(612) 340-4700

Officers: George K. Hansen, president & chief executive officer; Glen E. Pitts, v.p. & president, Men's Apparel Division; Robert G. Higginbotham, v.p. administration & secretary; Michael Kagan, v.p. finance; Garnett D. Ellison, Jr., v.p. & president-Form-O-Uth, Inc. & Vassarette Division; Peter W. Lilienthal, asst. secretary & treasurer; Don C. Harrison, president-Princeton Hosiery Mills, Inc.; Allen Spector, president-Shirtmate Apparel Group Ltd.

Directors: H. William Lutton, George K. Hansen, Lawrence L. Horach, Gerald E. Magnuson, Sandra W. Meyer, Allen Spector.

Business Activities: Engaged in the production and sale of loungewear, sleepwear, underwear and sportswear for men, boys and women.

Trademarks and/or Brand Names: Munsingwear, Vassarette, Grand Slam, Penguin, Penguin Design, Forge, Munsingwear Slammers, Cotton Classics, Quintessence, Satin Kiss, CuddleSoft, Elustra, Sheer Beginnings, Frankly Feminine, Secret Self, Band-Abouts, Satinessence, Kangaroo, For You the Contemporary Vassarette, Translucence, Underneath It All, Crepelon, Swimobodies, Second Glance, Velvour, The Feelbetter Fit, Match, Sweet Baby Jane, Como Diffusion, Le Roi.

Plant Location(s): Memphis, Tenn.; Athens, McAllen & Paris, Tex.; Guin & Hamilton, Ala.; New Albany, Miss.; Minneapolis, Minn.; Hominy, Okla.; Ashland, Wis.; Fairmont & Red Springs, N.C.; Cadiz & Princeton, Ky.; Bell Buckle & Murfreesboro, Tenn.; Montreal, Canada; Matehuala, La Paz & Reynosa, Mexico; San Salvador, El Salvador, Hong Kong; Taipei.

Divisions:

Vassarette Division

Minneapolis, Minnesota

Products include lingerie, sleepwear, robes, loungewear, bras, girdles, swimsuits and Vassarette juniors.

Men's Apparel Division

Minneapolis, Minnesota

Products include underwear, sleepwear, loungewear, robes, golf shirts, sport shirts, hosiery, jackets, slacks, tenniswear and sweaters.

Subsidiary:

Form-O-Uth, Inc.

McAllen, Texas

Intimate apparel manufacturer.

Acquisition(s):

Shirtmate Apparel Group Ltd.

Montreal, Canada

Designs, manufactures and distributes women's junior sportswear under the Sweet Baby Jane label and women's contemporary clothing under the Como Diffusion label.

Princeton Hosiery Mills

Princeton, Kentucky

Designs, manufactures and distributes children's hosiery, sleepwear and footwear under the Le Roi label.

Transfer Agent(s):

First Trust Company, Inc.

180 East Fifth Street

Saint Paul, Minnesota 55101

Stock Exchange(s): New York

Ticker Symbol: MUN

Sales and Earnings		
	Net Sales +	Net Income ‡
1986	\$ 147,851,000	\$ 3,651,000
1985	114,247,000	3,020,000
1984	92,645,000	3,993,000
1983	93,094,000	2,713,000
1982	103,069,000	(14,817,000)
	No. of Com. Shares †	Earn. per Share ‡
1986	4,794,590	\$ 0.79
1985	3,854,229	0.74
1984	3,800,316	0.69
1983	5,694,594	0.47
1982	5,684,598	—

(Loss)

+ Of continuing operations only.

‡ Including extraordinary gains of \$170,000 (\$0.17 per share) in 1986, \$529,000 (\$0.13 per share) in 1985, \$3,898,000 (\$0.68 per share) in 1984 and \$1,042,000 (\$0.18 per share) in 1983.

† Adjusted to reflect stock splits.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock		
	Cash Dividend	Stock Dividend Split
1986	—	3-for-2
1985	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 45,501,000	\$ 9.49
1985	31,435,000	8.16
1984	28,215,000	7.42
1983	28,182,000	4.95
1982	25,429,000	4.47

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 147,851	\$ 114,247
Cost of sales	104,455	84,079
Expenses	38,187	30,108
Royalty income	(679)	(650)
Interest expense	2,436	1,616
Non-recurr. losses (gains)	604	126
Gain on sale of facil.	—	(1,590)
Interest income	(167)	(147)
Gain on sale of trademarks	(2,075)	—
Relocation of headquarters	425	—
Income before taxes	\$ 4,665	\$ 2,705
Income taxes	1,790	365
Net income	\$ 2,875	\$ 2,340
Extraord. gain	776	529
Cum. effect of acctg. chnge.	—	151
Net Income & extraord. gain	\$ 3,651	\$ 3,020

* Included in Costs and Expenses, Depreciation and Amortization: \$2,022,000 in 1986 and \$1,693,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 3,487	\$ 1,224
Receiv., net	25,588	17,460
Inventories	43,317	22,973
Prepaid expenses	4,082	2,289
Current Assets	\$ 76,474	\$ 43,946
Fixed assets	18,644	10,944
Other assets	17,951	1,991
Total Assets	\$ 113,069	\$ 56,881

Liabilities (000's)

Short-term borrowings	\$ 9,698	\$ 2,600
Long-term debt, curr.	2,203	2,860
Accts. payable	6,722	3,238
Accruals	7,803	5,744
Curr. Liabilities	\$ 26,426	\$ 14,442
Long-term debt	40,131	10,155
Deferred income	1,011	849
+ Common stock	6,663	4,039
Add. paid-in capital	24,785	18,087
Retained earnings	19,775	16,124
For. curr. trans. adj.	55	—
Treasury stock	(5,777)	(6,815)
Total Liabilities & Shareholders' Equity	\$ 113,069	\$ 56,881

* At lower of cost (LIFO) or market.

† Less accumulated depreciation and amortization.

+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.16	2.37
%Net Income to Sales	1.94	2.05
%Net Income to Equity	6.32	7.44
Sales to Inventories	3.41	4.97

National Service Industries, Inc.

Debt to Equity	0.55	0.50
Working Capital	\$50,048,000	\$29,504,000
Current Ratio	2.89	3.04
Shareholders' Equity	\$45,501,000	\$31,435,000

Nantucket Industries, Inc.

105 Madison Avenue
New York, New York 10016
(212) 889-5656

Officers: George Gold, chairman of the board, chief executive officer & treasurer; Donald D. Gold, president & secretary; Theresa M. Bohnenberger, v.p.-production; Drew F. Wofford, v.p.-operations; Richard S. Tretler, v.p.-finance.

Directors: George Gold, chairman; Donald D. Gold, Philip Gold, Theresa M. Bohnenberger, Drew Wofford, Robert M. Rosen, Lawrence H. Bober.

Business Activities: Manufactures and markets men's popular priced fashion undergarments and ladies' popular priced panties and panty hose.

Trademarks and/or Brand Names: Brut by Faberge, Ralph Lauren, Hot Sox, Geoffrey Beene, chippendales, Seem free.

Plant Location(s): Cartersville, Ga.; Randleman, N.C.

Divisions:

Men's Division
Nantucket Hosiery Mills Corp.

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts

Stock Exchange(s):

American

Ticker Symbol:

NAN

	Sales and Earnings	
	Net Sales	Net Income
1987	\$ 51,515,000	\$ (1,695,302)
1986	50,164,000	1,890,490
1985	37,444,000	1,308,833
1984*	32,137,000	1,726,558
1983	24,155,000	922,682

	No. of Com. Shares +	Earn. per Share #
1987	2,653,435	\$ —
1986	2,717,995	0.69
1985	2,755,444	0.47
1984*	2,787,747	0.75
1983	2,154,676	0.43

* 53 weeks.

+ Adjusted to reflect stock dividend and stock split.

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

	Common Stock		
	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	—	13%	—
1985	—	—	—
1984	—	—	5-for-4
1983	—	—	—

	Common Stock Equity	
	Total Equity	Equity Per Share #
1987	\$ 11,597,602	\$ 4.37
1986	13,742,058	5.06
1985	12,152,232	4.41
1984	11,047,189	3.96
1983	4,835,224	2.24

+ Adjusted to reflect stock dividend and stock split.

Year ended	Income Accounts *	
	2/28/87	3/1/86
Net sales	\$ 51,515,333	\$ 50,163,996
Cost of sales	45,967,168	39,412,525
Expenses	7,365,596	6,365,571
Interest expense	1,193,541	958,655
Income (loss) bef. taxes	\$ (3,010,972)	\$ 3,427,245
Income taxes (credit)	(1,315,670)	1,536,755
Net Income (Loss)	\$ (1,695,302)	\$ 1,890,490

* Included in Costs and Expenses, Depreciation: \$760,041 in 1987 and \$642,677 in 1986.

As of	Assets	
	2/28/87	3/1/86
Cash	\$ 1,088,959	\$ 1,757,136
Accounts receivable	8,370,304	9,017,824
*Inventories	12,681,378	11,610,557
Refund, inc. taxes	2,235,038	—
Prepaid expenses & other assets	512,483	408,111
Current Assets	\$ 24,888,162	\$ 22,793,628
*Fixed assets	10,044,450	8,624,733
Other assets	744,861	811,418
Intangibles	924,427	927,582
Total Assets	\$ 36,601,900	\$ 33,156,961

	Liabilities	
	2/28/87	3/1/86
Long-term debt, curr.	\$ 953,884	\$ 618,076
Accts. payable	4,616,999	3,204,999
Accruals	1,857,752	1,430,371
Income taxes	—	78,181
Curr. Liabilities	\$ 7,428,635	\$ 5,331,627
Long-term debt	16,262,833	13,076,924
Deferred inc. taxes	1,312,830	1,006,352
+ Common stock	282,985	283,001
Add. paid-in capital	9,306,253	9,307,931
Retained earnings	3,043,925	4,739,227
Treasury stock	(1,035,561)	(588,101)

Total Liabilities & Shareholders' Equity	\$ 36,601,900	\$ 33,156,961
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	6.83
%Net Income to Sales	—	3.77
%Net Income to Equity	—	13.76
Sales to Inventories	4.06	4.32
Debt to Equity	1.48	1.00
Working Capital	\$17,459,527	\$17,462,001
Current Ratio	3.35	4.28
Shareholders' Equity	\$11,597,602	\$13,742,058

National Service Industries, Inc.

1180 Peachtree Street, N.E.
Atlanta, Georgia 30309
(404) 892-2400

Officers: Erwin Zaban, chairman of the board & chief executive officer; Sidney Kirschner, president & chief operating officer; Don W. Hubble, group v.p.; Robert H. Creviston, sr. v.p.-finance & treasurer; Henry R. Dressler, Jr., v.p.-taxes; David Levy, sr. v.p., secretary & counsel; John A. Bostater, controller; Herbert P. Bruce, v.p.-information services; Walter H. Buco, v.p.-insurance; S. Booker Carter, sr. asst. secretary & asst. counsel; Robert J. Mello, v.p.-auditing; Helen Drake, asst. controller; Donald A. Hundebly, asst. secretary-employee benefits; Carol Ellis Morgan, asst. secretary & asst. counsel; Richard M. Schmidt, asst. secretary-safety; Kenneth A. Speer, asst. treasurer-data processing operations; Gus Strassburger, asst. treasurer-systems development; Judy Wallace, asst. treasurer-investments; Margaret Sheller, asst. treasurer-taxes.

Directors: Erwin Zaban, chairman; Robert H. Creviston, David C. Garrett, Jr., William C. Hatcher, Jesse Hill, Jr., Robert M. Holder, Jr., Sidney Kirschner, Milton N. Weinstein, Thomas R. Williams, John L. Clendenin, David Levy, Gloria M. Shatt.

Business Activities: The Company's textile/apparel activities are conducted by the Men's Apparel Division which manufactures popularly priced men's sportswear including knit and woven sport shirts, sweaters and jackets, usually under house labels.

Plant Locations: Wilmington & Benson, North Carolina; Santiago, Dominican Republic.

Trademarks and/or Brand Names: Chapel Hill, Boulevard, Directions, Sprint, Sunforce.

Apparel & Textile Divisions:

Block Industries
PM Company
Shepherd Sportswear
Kudos

All located in New York, New York.

Transfer Agent(s):

Wachovia Bank and Trust Company, N.A.
Corporate Trust Department
P.O. Box 3001
Winston-Salem, North Carolina 27102
(919)770-4994

Stock Exchange(s):

New York

Ticker Symbol:

NSI

	Sales and Earnings	
	Net Sales & Serv. Revs.	Net Income
1986	\$1,282,922,000	\$ 71,341,000
1985	1,191,205,000	67,61,000
1984	1,073,105,000	61,506,000
1983	936,350,000	35,374,000
1982	884,859,000	50,626,000

	No. of Com. Shares #	Earn. per Share #
1986	32,853,000	\$ 2.17
1985	32,851,000	2.06
1984	32,848,000	1.87
1983	32,842,000	1.69
1982	33,051,000	1.53

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

	Revenues by Line of Business (000's)	
	1986	1985
Lighting equip.	\$ 522,056	\$ 469,426
Linen & indust. uniform serv.	282,396	271,021
Chemical	172,176	160,258
Other	306,294	290,500
Total	\$ 1,282,922	\$ 1,191,205

	Common Stock		
	Cash Dividend #	Stock Dividend	Stock Split
1986	\$0.80	—	4-for-3
1985	0.73	—	—
1984	0.65	—	3-for-2
1983	0.59	—	—
1982	0.54	—	4-for-3

Adjusted to reflect stock splits.

	Common Stock Equity*	
	Total Equity	Equity Per Share #
1986	\$ 462,907,000	\$ 14.09
1985	417,958,000	12.72
1984	373,996,000	11.39
1983	334,380,000	10.18
1982	298,249,000	9.02

National Service Industries, Inc.

* Excludes amounts recorded for goodwill and restrictive covenants.
 # Adjusted to reflect stock splits.

Income Account *		
(000's)		
Year ended Aug. 31	1986	1985
Net sales & serv. revs.	\$ 1,282,922	\$ 1,191,205
Cost of sales	814,507	767,068
Expenses	340,582	312,665
Interest expense	3,999	3,376
Other income	(3,507)	(3,565)
Income before taxes	\$ 127,341	\$ 111,661
Income taxes	56,000	44,000
Net income	\$ 71,341	\$ 67,661

* Included in Costs and Expenses, Depreciation and Amortization: \$26,707,000 in 1986 and \$22,939,000 in 1985.

Assets (000's)		
As at Aug. 31	1986	1985
Cash & short-term invest.	\$ 101,379	\$ 38,064
Accts. receiv., net	159,691	150,084
*Inventories	146,991	145,774
Liases in serv.	37,684	40,525
Prepayments	6,858	7,128
Prepaid income taxes	20,607	22,888
Current Assets	\$ 473,210	\$ 404,463
#Fixed assets	202,221	178,537
Goodwill & restric. covenants	5,002	4,282
Other assets	29,943	30,444
Total Assets	\$ 710,376	\$ 617,726
Liabilities (000's)		
Long-term debt, curr.	\$ 903	\$ 1,182
Accts. payable	50,660	47,162
Accrued payroll	29,063	25,061
Other accruals	37,409	29,895
Curr. Liabilities	\$ 118,035	\$ 103,300
Tax benefit liab.	9,794	8,218
Long-term debt	21,857	8,577
Deferred inc. taxes	97,783	79,673
+ Common stock	38,614	28,961
Retained earnings	459,027	423,766
Treasury stock	(34,734)	(34,769)
Total Liabilities & Shareholders' Equity	\$ 710,376	\$ 617,726

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation.
 + \$1 per value.

Statistical Summary		
%Income bef. Taxes to Sales	9.93	9.37
%Net Income to Sales	5.56	5.68
%Net Income to Equity	15.41	16.19
Sales to Inventories	8.73	8.17
Debt to Equity	0.05	0.02
Working Capital	\$355,175,000	\$301,163,000
Current Ratio	4.01	3.92
Shareholders' Equity	\$462,907,000	\$417,958,000

The New Harding Group Inc.

(formerly Harding Carpets Limited)

85 Morell Street
 Brantford, Ontario N3T 4J6
 Canada
 (519) 756-5241

Officers: Michael H. Cochrane, chairman of the board; James H. Laing, president & chief exec. officer; Colin K. Thompson, v.p.-human resources; W. Grant Ballantyne, sr. v.p. & chief financial officer; Geoffrey P. Chamley, v.p., secretary & treasurer.

Directors: James H. Laing, Michael Cochrane, Gerard H. Collins, Charles R. Pike, W. John Dixon.

Business Activities: Manufactures and distributes carpets in Canada for both residential and commercial use. Spins, heat-sets and processes a complete range of carpet yarns, as well as tufting, dyeing and finishing carpets at two manufacturing plants.

Textile Trademarks and/or Brand Names: Harding Carpets.

Plant Location(s): Brantford & Collingwood, Ontario.

Acquisition(s):

Continuous Colour Coat Limited (57% indirect interest)
 Applies protective and decorative coatings to metal coils for industrial customers.

Transfer Agent(s):

Montreal Trust Company of Canada
 Montreal, Toronto, Regina, Calgary and Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: NHD.A and NHD.B

Sales and Earnings		
	Net Sales (000's)	Net Income † (000's)
1986	\$ 120,733	\$ 5,088
1985	118,182	3,089
1984	96,287	540
1983	95,635	1,849
1982	83,414	(12,970)
	No. of Com. Shares ‡	Earn. per Share †
1986	13,603,485	\$ 0.37
1985	13,603,485	0.23
1984	13,533,485	0.05
1983	9,741,985	0.26
1982	6,206,483	—

(Loss)
 † Includes extraordinary gains of \$1,500,000 (\$0.11 per share) in 1986, \$1,000,000 (\$0.08 per share) in 1985, \$80,000 (\$0.01 per share) in 1984 and \$1,475,593 (\$0.19 per share) in 1983.
 ‡ Class A, Class B, Class C and Class D combined.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 29,280,000	\$ 2.15
1985	24,192,000	1.78
1984	21,043,000	1.55
1983	15,937,536	1.64
1982	10,030,934	1.62

Income Account *		
Year ended Oct. 31	1986	1985
Net sales	\$ 120,733,000	\$ 118,182,000
Cost of sales	90,223,000	90,511,000
Expenses	20,202,000	20,440,000
Debt service interest	1,582,000	1,551,000
Other interest	1,682,000	1,949,000
Income before taxes	\$ 7,044,000	\$ 3,731,000
Income taxes	3,456,000	1,642,000
Net Income	\$ 3,588,000	\$ 2,089,000

Extraord. gain	1,500,000	1,000,000
Net Income & extraord. gain	\$ 5,088,000	\$ 3,089,000

* Included in Costs and Expenses, Depreciation: \$1,411,000 in 1986 and \$1,542,000 in 1985.

Assets		
As of Oct. 31	1986	1985
Accts. receiv., net	\$ 23,826,000	\$ 25,788,000
*Inventories	23,806,000	25,345,000
Prepaid expenses	3,037,000	3,231,000
Current Assets	\$ 50,669,000	\$ 54,564,000
#Fixed assets	13,626,000	13,087,000
Other assets	566,000	721,000
Total Assets	\$ 64,861,000	\$ 68,372,000
Liabilities		
Bank advances	\$ 7,320,000	\$ 8,457,000
Long-term debt, curr.	1,193,000	3,374,000
Accts. payable & accruals	18,430,000	19,289,000
Curr. Liabilities	\$ 26,943,000	\$ 31,120,000
Long-term debt	6,682,000	13,060,000
Deferred income taxes	1,956,000	—
+ Class A & Class B share	6,835,000	6,835,000
+ Class C & Class D shares	14,860,000	14,860,000
Common shares	1,000	1,000
Retained earnings (deficit)	7,584,000	2,496,000
Total Liabilities & Shareholders' Equity	\$ 64,861,000	\$ 68,372,000

* At lower of average cost and replacement cost or net realizable value.
 # Less accumulated depreciation.
 + No par value.

Statistical Summary		
%Income bef. Taxes to Sales	5.83	3.16
%Net Income to Sales	2.97	1.77
%Net Income to Equity	12.25	8.64
Sales to Inventories	5.07	4.63
Debt to Equity	0.23	0.68
Working Capital	\$23,726,000	\$23,444,000
Current Ratio	1.88	1.75
Shareholders' Equity	\$29,280,000	\$24,192,000

Nexus Industries, Inc.

(50% owned by Oneita Knitting Mills)
 (Operating under Chapter 11 of the U.S. Bankruptcy Code)
 570 South Miami Street
 Wabash, Indiana 46992
 (219) 563-8302

Officers: William B. Hensley, III, chairman of the board, treasurer & chief exec. officer; Danny F. Cooke, president, secretary & chief operating officer; Joseph T. Kocher, exec. v.p. & chief financial officer; John A. Droule, v.p.-plant operations.

Directors: William B. Hensley, III, chairman; Danny F. Cooke, Frederick M. Glass, Philip H. Prince.

Business Activities: Imprints and distributes a variety of sportswear shirts and tops.

Plant Location(s): Wabash, Indiana.

Subsidiary:
 The Shirt Shed, Inc.

Transfer Agent(s):
 Chase Manhattan Bank, N.A.
 One New York Plaza
 New York, New York 10001

NIKE, Inc.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NEX

Sales and Earnings x

	Net Sales +	Net Income †
1986	\$ 28,367,000	\$ 637,000
1985	28,674,000	(22,972,000)
1984	58,509,000	945,000
1983	58,009,000	1,595,000
1982	83,914,000	(3,067,000)
	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,029,402	\$ 0.31
1985	2,086,152	—
1984	2,098,424	0.45
1983	2,098,928	0.76
1982	2,084,753	—

(Loss)

x Restated to reflect change in cost method for inventories.
+ Of continuing operations only.

† Including extraordinary gains of \$301,000 (\$0.15 per share) in 1986, \$738,000 (\$0.35 per share) in 1984 and \$3,000,000 (\$1.43 per share) in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity x

	Total Equity	Equity per Share ‡
1986	\$ (14,903,000)	\$ —
1985	(15,540,000)	—
1984	7,533,000	3.59
1983	6,153,000	2.93

(Deficiency)

x Restated.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	8/2/86	8/3/85 ‡
Net sales	\$ 28,367	\$ 28,674
Cost of sales	23,406	29,139
Expenses	3,498	8,472
Interest expense	955	2,887
Interest income	(15)	(8)
Goodwill write-off	—	3,476
Prov. to reduce invent.	—	4,231
Loss on abandonment of facil.	—	2,582
Write-off of debt disc.	—	552
Other income	(126)	(8)
Income (loss) bef. taxes	\$ 649	\$ (22,649)
Income taxes	313	323
Net Income (Loss)	\$ 336	\$ (22,972)
Extrord. gain	301	—
Net Income (Loss) & extrord. gain	\$ 637	\$ (22,972)

* Included in Costs and Expenses, Depreciation: \$289,000 in 1986 and \$671,000 in 1985.

‡ Restated.

Assets (000's)

As of	8/2/86	8/3/85 ‡
Cash	\$ 622	\$ 224
Accts. receiv., net	4,500	3,570
*Inventories	3,582	3,765
Other curr. assets	148	141
Current Assets	\$ 8,852	\$ 7,770

#Fixed assets
Prop. held for sale
Other assets

1,741
—
4

2,089
903
39

Total Assets

\$ 10,997 \$ 10,731

Liabilities (000's)

Short-term debt	\$ 8,389	\$ 9,920
Long-term debt, curr.	5	4
Accts. payable	1,290	775
Other curr. liabilities	1,537	1,218
Curr. Liabilities	\$ 11,221	\$ 11,917
Unsecured liab. subj. to settlement	14,230	14,274
Long-term debt	49	80
+ Common stock	24	24
Add. paid-in capital	3,427	3,427
Retained earnings (deficit)	(17,319)	(17,956)
Treasury stock	(1,035)	(1,035)

Total Liabilities & Shareholders' Equity

\$ 10,997 \$ 10,731

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.29	—
%Net Income to Sales	1.18	—
Sales to Inventories	7.92	—
Shareholders' Equity (Deficiency)	\$(14,903,000)	\$(15,540,000)

NIKE, Inc.

3900 S.W. Murray Boulevard
Beaverton, Oregon 97005
(503) 641-6453

Officers: Philip H. Knight, chairman & president; William J. Bowerman, deputy chairman & sr. v.p.; Delbert J. Hayes, exec. v.p.; Harry C. Carsh, Ronald E. Nelson, Robert J. Strasser, v.p.'s; George E. Porter, v.p.-finance; Dale N. Wahl, treasurer; A. Thomas Niebergall, Lindsay D. Stewart, asst. secretaries.

Directors: Philip H. Knight, chairman; William J. Bowerman, Robert T. Davis, Richard K. Donahue, Delbert J. Hayes, Douglas C. Houser, John E. Jaqua, Thomas O. Paine, Charles W. Robinson, Robert L. Woodell.

Business Activities: Designs, develops and markets high-quality footwear and apparel products for a wide range of sport, athletic and leisure activities. Apparel products include tennis, running, bicycling and fitness wear, as well as athletic bags and accessory items, designed to complement the Company's footwear products.

Trademarks and/or Brand Names: NIKE, NIKE-Air, Air-Max, Swoosh.

Subsidiary:

NIKE Canada Ltd.
2445 Canoe Avenue
Coquitlam, British Columbia
Canada V3K 6A9
Canada sales and marketing office.

Transfer Agent(s):

United States National Bank of Oregon
309 S.W. 6th Avenue
Portland, Oregon 97204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NIKE (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$1,069,222,000	\$ 59,211,000
1985	946,371,000	10,270,000
1984	919,866,000	40,690,000
1983	867,212,000	57,004,000
1982	693,582,000	49,036,000

No. of Com. Shares ‡

Earn. per Share ‡

1986	38,179,000	\$ 1.55
1985	37,893,000	0.27
1984	37,934,000	1.07
1983	N.A.	1.53
1982	N.A.	1.37

N.A. - Not Available.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.40	—	—
1985	0.40	—	—
1984	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 316,846,000	\$ 8.30
1985	271,668,000	7.17
1984	274,536,000	7.24
1983	240,613,000	—
1982	131,960,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended May 31	1986	1985
Revenues	\$ 1,069,222	\$ 946,371
Cost of sales	722,923	697,219
Expenses	209,219	204,834
Interest expense	15,820	21,933
Other expense (income)	11,243	(13)
Income before taxes	\$ 110,017	\$ 22,398
Income taxes	57,760	15,630
Minority interest	(6,954)	(3,502)
Net income	\$ 59,211	\$ 10,270

Included in Costs and Expenses, Depreciation: \$10,549,000 in 1986 and \$11,964,000 in 1985.

Assets (000's)

As of May 31	1986	1985
Cash	\$ 8,107	\$ 7,017
Short-term invest.	10,031	—
Accts. receiv., net	185,633	214,797
Refundable taxes	1,885	—
*Inventories	180,205	186,285
Deferred inc. taxes	16,486	17,485
Prepaid expenses	9,163	11,739
Current Assets	\$ 411,510	\$ 437,323
#Fixed assets	49,683	50,748
Other assets	15,645	15,895
Total Assets	\$ 476,838	\$ 503,966

Liabilities (000's)

Notes payable	\$ 61,634	\$ 117,573
Long-term debt, curr.	3,417	2,296
Accts. payable	23,648	59,294

NIKE, Inc.

Accruals	44,027	37,644
Income taxes	—	2,667
Curr. Liabilities	\$ 132,726	\$ 219,474
Long-term debt	15,300	7,573
Purch. tax benefits	11,666	7,350
Minority interest	—	(2,399)
Redeem. preferred stock	300	300
+ Common stock:		
Class A convert.	180	199
Class B	2,697	2,673
Add. paid-in capital	81,633	78,206
Unreal. trans. adjust.	(307)	1,873
Retained earnings	232,843	188,717
Total Liabilities & Shareholders' Equity	\$ 476,838	\$ 503,966

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 + No par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	10.29	2.37
%Net Income to Sales	5.54	1.09
%Net Income to Equity	18.69	3.78
Debt to Equity	0.25	0.47
Working Capital	\$278,784,000	\$217,849,000
Current Ratio	3.10	1.99
Shareholders' Equity	\$316,846,000	\$271,668,000

Neel Industries, Inc.

130 Fifth Avenue
 New York, New York 10118
 (212) 563-7700

Officers: Leon Ruchlamer, chairman, pres. & chief exec. officer; James C. Evans, Jr., exec. v.p.; William H. Watts, v.p.-finance; Louise Schwartz, secretary.

Directors: Leon Ruchlamer, James C. Evans, Jr., Leo Fine, Peter V. Borras, Louise Schwartz, William H. Watts.

Business Activities: Engaged in the production and sale of jeans for the entire family and girls' knit tops.

Trademarks and/or Brand Names: Live-Ins, Green Apples, New Friends, Sergio Valente.

Plant Location(s): Ruleville & Greenwood, Mississippi; Kingston, Jamaica.

Transfer Agent(s):
 Manufacturers Hanover Trust Company
 New York, New York.

Stock Exchange(s): American

Ticker Symbol: NOL

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 32,568,288	\$ (157,706)
1985	28,182,078	116,875
1984	35,425,274	(886,299)
1983	33,993,162	412,706
1982	34,003,681	21,180
	No. of Com. Shares	Earn. per Share
1986	1,134,300	\$ —
1985	1,134,300	0.10
1984	1,133,696	—
1983	1,130,646	0.37
1982	1,123,357	0.02

(Loss)
 † Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 6,813,278	\$ 6.01
1985	6,970,984	6.15
1984	6,854,109	6.05
1983	7,738,978	6.84
1982	7,307,760	6.51

Income Account *

Year ended Oct. 31	1986	1985
Net sales	\$ 32,568,228	\$ 28,182,078
Cost of sales	27,120,364	22,625,970
Expenses	4,928,970	4,387,867
Interest expense	988,800	1,015,766
Inc. (loss) bef. taxes	\$ (469,906)	\$ 152,475
Income taxes (credit)	(312,200)	35,600
Net Income (Loss)	\$ (157,706)	\$ 116,875

* Included in Costs and Expenses, Depreciation and Amortization: \$647,151 in 1986 and \$624,352 in 1985.

As of Oct. 31	1986	1985
Assets		
Cash	\$ 285,390	\$ 201,728
Accts. & notes receiv., net	7,343,721	5,182,822
*Inventories	9,124,695	5,736,777
Prepaid expenses & other assets	249,081	291,805
Current Assets	\$ 17,002,887	\$ 11,413,132
†Fixed assets	3,548,902	3,191,971
Other assets	1,051,411	1,095,727
Total Assets	\$ 21,603,200	\$ 15,700,830

Liabilities	1986	1985
Bank loan	\$ 7,181,895	\$ 2,819,461
Long-term debt, curr.	586,004	578,825
Accts. payable & accruals	3,855,316	2,303,244
Curr. Liabilities	\$ 11,623,215	\$ 5,701,530
Long-term debt	2,954,173	2,503,582
Deferred income taxes	212,534	524,734
+ Common stock	118,680	118,680
Add. paid-in capital	2,898,480	2,898,480
Retained earnings	4,081,262	(238,968)
Treasury stock	(285,144)	(285,144)
Total Liabilities & Shareholders' Equity	\$ 21,603,200	\$ 15,700,830

* At lower of cost (FIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$0.10 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	—	0.54
%Net Income to Sales	—	0.41
%Net Income to Equity	—	1.68
Sales to Inventories	3.57	4.91
Debt to Equity	0.43	0.44
Working Capital	\$5,379,672	\$5,711,602
Current Ratio	1.46	2.00
Shareholders' Equity	\$6,813,278	\$6,970,984

Nutmeg Industries, Inc.

4408 West Linebaugh Avenue
 Tampa, Florida 33624
 (813) 963-6153

Officers: Richard E. Jacobson, chairman of the board & chief executive officer; Martin G. Jacobson, president; Lloyd Roberts, vice president; James E. Gramling, chief financial officer & secretary-treasurer.

Directors: Richard E. Jacobson, chairman of the board; Martin G. Jacobson, Marc S. Geller, Todd N. Kanter, Walter P. Loebenberg, Thomas K. Riden, Stanley A. Young.

Business Activities: Designs, manufactures and markets customized apparel bearing the color schemes, names, symbols, logos and/or other designations of various colleges and universities. The Company's products are sold principally to students and alumni and their families through retailers, such as campus bookstores, sporting goods stores and department stores.

Plant Location(s): Tampa, Florida.

Subsidiary:

Nutmeg Mills, Inc.
 Tampa, Florida

Transfer Agent(s):

Southeast Bank, N.A.
 One Southeast Financial Center
 Miami, Florida 33131

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NUTM (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
4/26/86*	\$ 999,717	\$ (502,364)
1/27/86†	726,948	—
8/31/85	587,516	—
8/25/84	97,501	—
	No. of Com. Shares	Earn. per Share
4/26/86*	2,500,000	\$ —
1/27/86†	2,190,000	—

(Loss)
 * 3 months; unaudited.
 † 5 months.
 + Predecessor company (customized apparel product line).

Common Stock Equity		
	Total Equity	Equity Per Share
4/26/86	\$ (615,125)	\$ —
1/27/86	(360,261)	—
(Deficiency)		
Income Account *		
Year ended Apr. 26	1986 + (3 months)	
Net sales	\$ 999,717	
Cost of sales	871,932	
Expenses	513,870	
Interest expense	116,279	
Net Loss	\$ (504,364)	

* Included in Costs and Expenses, Depreciation and Amortization: \$100,553 in 1986.
 + Unaudited.

As of	4/26/86 †	1/27/86
Assets		
Cash	\$ 3,009	\$ 308,794
Accts. receiv., net	384,966	43,508
*Inventories	2,244,378	1,717,461
Prepaid expenses	122,295	65,097
Current Assets	\$ 2,754,648	\$ 2,134,860
†Fixed assets	1,727,111	1,728,734
Other assets	39,665	39,877
Intangibles	307,535	312,747
Total Assets	\$ 4,828,959	\$ 4,216,218
Liabilities		
Bank overdraft	\$ 97,249	\$ —
Notes payable	1,410,251	1,410,251
Bankers' accept. payable	126,421	—

Oshkosh B'Gosh, Inc.

Long-term debt, curr.	400,412	405,037
Accts. payable	463,436	35,515
Accruals	140,004	71,487

Curr. Liabilities	\$ 2,637,793	\$ 1,922,290
Long-term debt	1,806,291	1,901,689
Subord. debentures	1,000,000	752,500
+ Common stock	25,000	21,906
Add. paid-in capital	935,000	690,594
Capital charge	(1,072,761)	(1,072,761)
Retained earnings (deficit)	(501,364)	—

Total Liabilities & Shareholders' Equity	\$ 4,828,959	\$ 4,216,218
--	--------------	--------------

† Unaudited.

* Fabrics and supplies at lower of cost (FIFO) or market. Finished goods and work in progress at lower of standard cost or market.

‡ Less accumulated depreciation. + \$0.01 per value.

Statistical Summary

Sales to Inventories	0.45	—
Working Capital	\$ 116,855	\$ 212,570
Current Ratio	1.04	1.11
Shareholders' Equity (Deficiency)	\$(615,125)	\$(360,261)

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 102,068,000	\$ 3,682,000
1985	100,385,000	598,000
1984	95,269,000	2,098,000
1983	86,506,000	3,490,000
1982	76,416,000	4,657,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,858,000	\$ 0.95
1985	3,700,000	0.16
1984	4,066,000	0.52
1983	4,296,000	0.81
1982	4,283,000	1.08

† Including extraordinary gains of \$1,138,000 (\$0.29 per share) in 1984, \$448,000 (\$0.10 per share) in 1983, and \$1,740,000 (\$0.40 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	1-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 21,921,000	\$ 5.68
1985	20,080,000	5.43
1984	19,354,000	4.76
1983	18,965,000	4.41
1982	16,080,000	3.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect reverse stock split.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 102,068	\$ 100,385
Cost of sales	74,335	79,554
Expenses	20,390	18,595
Interest expense	229	1,070
Income before taxes	\$ 7,114	\$ 1,166
Income taxes	3,432	568
Net Income	\$ 3,682	\$ 598

* Included in Costs and Expenses, Depreciation and Amortization: \$527,000 in 1986 and \$610,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 2,011	\$ 3,439
Accts. receiv., net	12,620	10,959
*Inventories	14,483	10,784
Other curr. assets	671	383
Current Assets	\$ 29,785	\$ 25,565
*Fixed assets	3,158	3,423
Other assets	183	240
Intangibles	1,595	1,644
Total Assets	\$ 34,721	\$ 30,872

Liabilities (000's)

Long-term debt, curr.	\$ 630	\$ 441
Accts. payable	5,327	3,961
Accruals	3,330	2,260
Income taxes	2,119	1,969
Curr. Liabilities	\$ 11,406	\$ 8,631

Long-term debt	1,224	2,033
Deferred inc. taxes	170	128
+ Common stock	89	89
Add. paid-in capital	24,834	24,624
Accumulated deficit	1,643	(2,039)
Treasury stock	(4,645)	(2,593)

Total Liabilities & Shareholders' Equity	\$ 34,721	\$ 30,872
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* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation and amortization. + \$0.02 per value.

Statistical Summary

%Income bef. Taxes to Sales	6.97	1.16
%Net Income to Sales	3.61	0.60
%Net Income to Equity	16.80	2.98
Sales to inventories	7.05	9.31
Debt to Equity	0.06	0.12
Working Capital	\$18,379,000	\$16,934,000
Current Ratio	2.61	2.96
Shareholders' Equity	\$21,921,000	\$20,080,000

Oshkosh B'Gosh, Inc.

112 Otter Avenue
Oshkosh, Wisconsin 54901
(414) 231-8800

Mailing address:

P.O. Box 300
Oshkosh, Wisconsin 54902

Officers: C.F. Hyde, president & chief exec. officer; T.R. Wyman, exec. v.p.; W.P. Jacobsen, v.p. & treasurer; J.F. Beckman, v.p.-sales; A.S. Giordano, v.p.-manufacturing; S.R. Duback, secretary; K.H. Leasters, asst. v.p.-mfg.; D.W. Hyde, v.p.-merchandising; M.D. Wachtel, v.p.-operations.

Directors: C.F. Hyde, W.P. Jacobsen, T.R. Wyman, S.R. Duback, J.C. Pickard.

Business Activities: Manufactures workwear and sportswear for adults, and casualwear and playwear for children under the OshKosh B'Gosh and OshKosh names. Also operates nine Genuine Article factory retail outlets.

Trademarks and/or Brand Names: OshKosh B'Gosh, OshKosh.

Plant Locations: Oshkosh, Wisconsin; Columbia, Marrowbone & Liberty, Kentucky; Celina, McEwen, Dover, Camden & Hermitage Springs, Tennessee.

Transfer Agent(s):

First Wisconsin Trust Co.
First Wisconsin Center
P.O. Box 2054
Milwaukee, Wisconsin 53201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GOSHA, GOSHB (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	198,197,000	20,636,000
1985	162,109,000	14,046,000
1984	137,423,000	12,853,000
1983	92,299,238	8,237,214
1982	60,969,665	5,327,200

	No. of Com. Shares	Earn. per Share ‡
1986	7,292,900	\$ 2.83
1985	7,292,900	1.93
1984	7,296,300	1.76
1983	7,320,300	1.13
1982	7,323,160	0.73

‡ Based on the weighted average number of common shares outstanding adjusted to reflect recapitalization.

Oak Hill Sportswear Corporation

1411 Broadway
New York, New York 10018
(212) 354-0444

Officers: Arthur L. Asch, chairman of the board; Leslie A. Saul, vice chairman; Joseph DeClemente, president; Martin Jacobson, v.p. & treasurer; Joseph Greenberger, secretary.

Directors: Arthur L. Asch, chairman; Joseph DeClemente, Joseph Greenberger, Steven Kotler, Bruce Slovin, Peter Sutro, Wilmer J. Thomas, Jr.

Business Activities: Designs, manufactures, imports and markets women's apparel and accessories. Principal products include shirts, tops, sweaters and cotton knits designed for the missy, junior, large size, and petite woman.

Trademarks and/or Brand Names: Oak Hill, Try 1, Lady Oak Hill, Oak Hill Petites, OHI, Victoria Jones, TOI, Memphis Jones, Victoria Sport, Harmal, and Victoria Jones Petites.

Plant Location(s): Marietta, Mississippi, and Long Island City, New York.

Divisions:

Oak Hill Sportswear
Try 1
Lady Oak Hill
Oak Hill Petites
Oak Hill Imports

all at:

1411 Broadway
New York, New York 10018

Marietta Manufacturing
Marietta, Mississippi 38856

Harmal Industries
33-00 Northern Boulevard
Long Island City, New York 11101
Produces belts, costume jewelry, and a line of shirts, blouses and sundresses.

Transfer Agent(s):

American Stock Transfer Agent
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: OHSC (NASDAQ)

Oshkosh B'Gosh, Inc.

	Common Stock		
	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.0075	—	—
1985	0.7799	—	20-for-1
1984	0.7005	—	—
1983	0.4348	—	—
1982	0.3092	—	—

+ Adjusted to reflect recapitalization.

	Common Stock Equity	
	Total Equity	Equity Per Share ‡
1986	\$ 64,375,000	\$ 8.83
1985	47,536,000	6.52
1984	36,072,000	4.94
1983	26,153,031	3.57
1982	19,571,507	2.67

‡ Adjusted to reflect recapitalization.

Year ended Dec. 31	Income Account *	
	1986	1985
Net sales	\$ 198,197,000	\$ 162,109,000
Cost of sales	131,661,000	113,511,000
Expenses	25,444,000	20,932,000
Interest exp.	911,000	1,169,000
Interest income	(191,000)	(232,000)
Other income	(278,000)	(167,000)
Income before taxes	\$ 40,650,000	\$ 26,896,000
Income taxes	20,014,000	12,850,000
Net income	\$ 20,636,000	\$ 14,046,000

* Included in Costs and Expenses, Depreciation: \$2,582,000 in 1986 and \$2,342,000 in 1985.

As of Dec. 31	Assets	
	1986	1985
Cash	\$ 6,826,000	\$ 3,577,000
Accts. receiv., net	17,725,000	15,113,000
Inventories	48,677,000	33,345,000
Prepaid expenses	417,000	204,000
Current Assets	\$ 73,645,000	\$ 52,239,000
Fixed assets	21,096,000	16,988,000
Other assets	569,000	1,498,000
Total Assets	\$ 95,310,000	\$ 70,725,000
	Liabilities	
	1986	1985
Long-term debt, curr.	\$ 1,123,000	\$ 1,140,000
Accts. payable	11,036,000	5,937,000
Dividends payable	971,000	652,000
Accruals	2,839,000	2,092,000
Income taxes	3,412,000	2,189,000
Other liabilities	2,223,000	1,585,000
Cur. Liabilities	\$ 21,604,000	\$ 13,595,000
Long-term debt	7,915,000	8,792,000
Deferred income taxes	499,000	143,000
Deferred compensation	917,000	659,000
+ Common stock:		
Class A	55,000	55,000
Class B	18,000	18,000
Add. paid-in capital	3,044,000	3,044,000
Retained earnings	61,258,000	44,419,000
Total Liabilities & Shareholders' Equity	\$ 95,310,000	\$ 70,725,000

* At lower of cost (FIFO and LIFO) or market.
‡ Less accumulated depreciation.
+ \$0.01 per value.

Statistical Summary		
%Income bef. Taxes to Sales	20.51	16.59
%Net Income to Sales	10.41	8.66
%Net Income to Equity	32.06	29.55
Sales to Inventories	4.07	4.86
Debt to Equity	0.12	0.21

Working Capital	\$52,041,000	\$38,644,000
Current Ratio	3.41	3.84
Shareholders' Equity	\$64,375,000	\$47,536,000

Owens-Corning Fiberglas Corporation

Fiberglas Tower
Toledo, Ohio 43659
(419) 248-9000

Officers: William W. Boeschstein, chairman of the board, president & chief exec. officer; Richard W. Muzzy, vice-chairman; Guy O. Mabry, exc. v.p.; Lewis W. Saxby, sr. v.p.; Robert C. Doban, sr. v.p.-science & technology; William W. Colville, sr. v.p.-law & secretary; Howard T. Cusic, sr. v.p.; Max O. Weber, sr. v.p. & president-Construction Products Group; Charles C. Gifford, v.p.-personnel relations; Robert D. Heddens, v.p.-purchases & transportation; John E. Gates, v.p.-industrial relations; Paul V. Daverio, sr. v.p.; Joseph J. Doherty, v.p.-mkt. communications; Bradford C. Oelman, v.p.-corporate relations; Frank E. Glover, v.p.-management information systems; James S. Hearns, v.p.-international; Frank W. Como, v.p.-Industrial Materials Operating Div.; Harry G. Kammer, v.p. & treasurer; Gilbert Soors, dir.-int'l finance/asst. treasurer; C. Peter Hauck, v.p. & controller; Larry T. Solari, v.p. & gen. mgr.-Insulation Operating Division; Bert E. Elliott, v.p. & gen. mgr.-Roofing Products Operating Division; J. Thomas Solon, v.p. & gen. mgr.-Non-Corrosive Products Division; Timothy E. Walsh, v.p.-Supply Division; Wayne A. Earley, v.p.-planning; J. Peter Detgen, v.p.-sales.

Directors: William W. Boeschstein*, Charles A. Anderson, Louis W. Cabot*, W.L. Hadley Griffin, James M. Kemper, Jr.*, Robert H. Knight*, Robert V. Roosa*, Richard W. Muzzy, Furman C. Moseley, Jr.

* Member of the Executive Committee.

Business Activities: Engaged in the manufacture of glass fiber products for a diversified range of markets: industrial and commercial construction; home building; industrial; marine; recreation; equipment and appliance; and industrial and decorative textile. Also produces polyester resins and high performance composite materials and components which include high technology carbon and silica textiles, preimpregnated reinforced plastic, fabrics and fibers.

Trademarks and/or Brand Names: Fiberglas, Beta, Beta Care, Creel-Pak, Dimensionair, Flowite, Kaylo, Perma-Ply, S. Glas, S-2 Glas, Sonobatts, Trans-Pak, Blanket, Supreme Plus, SSL, Nova, Energy Miser, NUKON.

Plant Location(s): Aiken, Columbia & Anderson, S.C.; Compton, Martinez, Bakersfield & Santa Clara, Calif.; Kearny, Barrington & Berlin, N.J.; Delmar, N.Y.; Summit III.; Amarillo, Houston, Irving, Conroe & Waxahatchie, Tex.; Atlanta & Fairburn, Ga.; Huntington, Mt. Union, Pa.; Memphis & Jackson, Tenn.; Kansas City, Kan.; Medina & Newark, Ohio; Brookville, & Valparaiso, Ind.; Ft. Lauderdale, Abundale & Jacksonville, Fla.; Denver, Col.; Detroit, Mich.; Hazelwood, & Kansas City, Mo.; Jessup, Md.; Minneapolis, Minn.; Fort Smith, Ark.; Morehead City, N.C.; Oklahoma City, Ok.; Portland, Ore.; Woods Cross, Utah.

Divisions:
Construction Products Group
Insulation Operating Division
Roofing Products Operating Division
Supply Division

Manufactures and markets insulation and roofing products for residential, commercial and industrial construction and remodeling. Also produces specialty asphalt and corrosion-resistant underground petroleum storage tanks.

Industrial Materials Operating Division
Products reinforcements, yarns, and resins for industries such as transportation, marine, aerospace, energy, appliance, and electronics.

International operations include the manufacture and sale of reinforcements, yarns and insulation products outside the United States.

Non-Corrosive Products Division
Science and Technology
Aerospace & Strategic Materials Group

Subsidiaries:

American Borate Corporation
Barbcorp, Inc.
Eric Company
Fiberglas Fibras Limitada (Brazil)
Karlcorp
Mascorp, Inc.
N.V. Owens-Corning S.A. (Belgium)
Owens-Corning Fiberglas Deutschland GmbH (Germany)
Deutsche Owens-Corning Glaswool GmbH (Germany)
OCFIBRAS Limitada (Brazil)
OC Finance, B.V. (The Netherlands)
O.C. Finance Belgium S.A. (Belgium)
OC/First Corporation
OCFOGO, Inc.
OCFS, Inc. (U.S. Virgin Islands)
OC/Second Corporation
Oregon Metallurgical Corporation
Owens-Corning Cayman Limited
European Owens-Corning Fiberglas (Belgium)
Norsk Glasfiber A/S (Norway)
Owens-Corning Fiberglas (U.K.) Ltd. (England)
Owens-Corning Fiberglas (G.B.) Ltd. (England)
Wrexham A.R. Glas Ltd. (England)
Regina Fiberglas Ltd. (England)
Owens-Corning Fiberglas Espana, S.A. (Spain)
Owens-Corning Fiberglass France, S.A. (France)
Owens-Corning Fiberglass Netherlands B.V. (The Netherlands)
Owens-Corning Fiberglass (Italy) S.r.l. (Italy)
Roscorp, Inc.
Scandinavian Glasfiber AB (Sweden)
Glasfiber AB (Sweden)
Scandinavian Glasfiber Ltd. (England)
Danak-Svenak Glasfiber A/S (Denmark)
Veroc Technology A/S (Norway)
Willcorp, Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York 10249

Stock Exchange(s): New York

Ticker Symbol: OCF

	Sales and Earnings	
	Net Sales	Net Income †
1986	\$3,644,410,000	\$ 15,643,000
1985	3,304,959,000	131,212,000
1984	3,021,183,000	113,886,000
1983	2,753,213,000	87,923,000
1982	2,373,500,000	29,700,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	31,776,000	\$ 0.49
1985	29,695,000	4.42
1984	29,444,000	3.87
1983	28,845,000	3.05
1982	30,405,000	0.98

† Including extraordinary gain of \$8,184,000 (\$0.28 per share) in 1983.

‡ Based on the weighted average number of shares outstanding.

	Revenues By Line of Business (000's)	
	1986	1985
Insulation & construction	\$ 2,304,815	\$ 2,385,515
Industrial & textile	440,620	481,654
Aerospace & strategic materials	523,624	155,954
International	375,351	281,836
Total	\$ 3,644,410	\$ 3,304,959

	Common Stock		
	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.05	—	—
1985	1.40	—	—

Oxford Industries, Inc.

1984	1.30	—	—
1983	1.20	—	—
1982	1.20	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	\$ (1,025,196)	\$ —
1985	944,683	31.81
1984	841,629	28.58
1983	765,560	26.54
1982	654,841	21.54

(Deficiency)

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 3,644,410	\$ 3,304,959
Other income	34,175	30,234
Total income	\$ 3,678,585	\$ 3,335,193
Cost of sales	2,736,150	2,579,140
Expenses	494,614	437,836
Cost of borrowed funds	94,472	37,563
Cash discounts	35,475	33,914
Misc. taxes	19,773	16,977
Other expense	59,833	42,322
Restructuring cost	200,000	—
Income bef. taxes	\$ 18,268	\$ 167,451
Unusual item	—	(44,217)
Income taxes	11,804	90,465
Eq. in inc. of affil.	(9,179)	(10,009)
Net income	\$ 15,643	\$ 131,212

* Included in Costs and Expenses, Depreciation and Amortization: \$156,836,000 in 1986 and \$125,280,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 3,927	\$ 10,470
Marketable securities	4,786	21,568
Restricted funds	85,043	—
Receiv., net	443,730	528,363
Inventories	228,845	401,634
Other current assets	481,241	68,392
Current Assets	\$ 1,247,572	\$ 1,030,427
Investments	38,701	48,684
Fixed assets	817,703	1,178,700
Prepaid expenses & other assets	90,906	108,039
Total Assets	\$ 2,194,882	\$ 2,365,850

Liabilities (000's)

	1986	1985
Notes payable	\$ 63,315	\$ 16,193
Long-term debt, curr.	760,597	17,176
Accts. payable & accruals	458,697	468,700
Income taxes	27,471	45,742
Current Liabilities	\$ 1,310,080	\$ 547,811
Long-term debt	1,645,194	543,024
Reserves	59,032	78,143
Deferred investment credit	33,325	49,501
Deferred inc. taxes	33,868	83,423
Advances	138,579	119,265
+ Common stock	253,032	129,851
Notes receivable	(5,543)	—
Retained earnings (def.)	(1,266,970)	864,329
Curr. trans. adj.	(5,715)	(20,270)
Treasury stock	—	(29,227)
Total Liabilities & Shareholders' Equity	\$ 2,194,882	\$ 2,365,850

* At cost (FIFO and LIFO).
‡ Less accumulated depreciation.
+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	0.50	5.07
%Net Income to Sales	0.43	3.97
%Net Income to Equity	—	13.89
Sales to Inventories	15.93	8.23
Debt to Equity	—	0.61
Working Capital	\$ 62,508,000	\$482,616,000
Current Ratio	0.95	1.88
Shareholders' Equity (Deficiency)	\$ (1,025,196,000)	\$944,683,000

Oxford Industries, Inc.

222 Piedmont Avenue, N.E.
Atlanta, Georgia 30308
(404) 659-2424

Officers: J. Hicks Lanier, chairman & president; John M. Hall, Fraser L. Hunter, Knowlton J. O'Reilly, group v.p.'s; John P. Hunter, Jr., v.p.-research & development; Robert D. Langley, v.p.-human resources; Benjamin B. Blount, Jr., exec. v.p.; William Lee, Jr., exec. v.p.-finance & administration; Abner E. Avirett, controller & treasurer; Jonathan M. Fee, v.p., secretary & gen. counsel; Kozzi L. Mitchell, asst. controller; James W. Wold, asst. treasurer; Lawrence K. Menter, asst. secretary.

Directors: J. Hicks Lanier, chairman; J. Reese Lanier, Bradley Hale, John P. Hunter, Jr., R. William Lee, Jr., Wilton D. Looney, Gene W. Milner, Clifford M. Kirtland, Jr., Cecil D. Conlee, Robert Strickland, John B. Ellis.

Business Activities: Manufactures men's, women's and children's apparel under various Oxford brands for sale to chain, department and specialty stores.

Apparel Trademarks and/or Brand Names: Wright, Merona Sport, Robert Stock, Holbrook, Oxford Shirts, Oxford Slacks, Merona, Cos Cob, Lanier Clothes, McGregor, JBJ, Oleg Cassini, Polo for Boys, Manor Park, Oscar de la Renta, Jhane Barnes II, LeeWright, Boston Athletic Club by Gil Trudsson.

Plant Locations: Alamo, Alma, Bowman, Commerce, Covington, Cummings, Dawson, Dublin, Greenville, Lawrenceville, Lincolnston, Lyons, Macon, Monroe, Monticello, Reynolds, Rome, Royston, Tifton, Toccoa, Unadilla, Vidalia & Wadley, Ga.; Belton, Camden, Chester, Columbia, Donalds, Gaffney, Greenwood, Hickory Grove, Kingstree Whitmire, S.C.; Burgaw, Hamlet & Maiden, N.C.; Fayette, Laverne, Ala.; Decherd, Tn.; Narrows, Va.; Tupelo, Ms.; Agua Prieta, Sonora, Mexico.

Divisions:

Oxford Shirt Division
Lanier Clothes Division
Oxford Dress Division
Oxford Collections
Oxford Separates
Oxford Slacks
Merona Sport Division
Cos Cob Division

Subsidiaries:

Oxford Apparel, Inc.
Atlanta, Georgia

Oxford Retail, Inc.
Sanford, North Carolina

Oxford Products (Far East) Ltd.
Hong Kong & Singapore

Camisas Bahia Kino S.A. de C.V.
Sonora, Mexico

Merona Apparel International, Ltd.
Hong Kong & Taiwan

Transfer Agent(s):

Trust Company Bank
Atlanta, Georgia

Stock Exchange(s): New York

Ticker Symbol: OXM

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 533,581,000	\$ 10,304,000
1985	558,666,000	7,133,000
1984	577,313,000	25,007,000
1983	516,677,000	22,654,000
1982	435,928,000	16,330,000

No. of Com. Shares

	No. of Com. Shares #	Earn. per Share #
1986	11,128,109	\$ 0.93
1985	11,079,593	0.64
1984	11,549,802	2.17
1983	11,554,892	1.96
1982	11,530,664	1.42

+ Including revenues from service contracts and finance charges.

Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985	1984	1983
Apparel:				
Menswear	63%	62%	62%	61%
Womenswear	37	38	38	39
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.45	—	—
1985	0.42	—	—
1984	0.36	—	2-for-1
1983	0.2925	—	2-for-1
1982	0.23	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 128,746,000	\$ 11.57
1985	123,109,000	11.11
1984	120,518,000	10.43
1983	107,232,000	9.28
1982	87,800,000	7.61

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended	5/30/86	5/31/85
Net sales	\$ 533,581,000	\$ 558,666,000
Cost of sales	418,665,000	438,804,000
Expenses	92,626,000	100,425,000
Interest expense	3,491,000	6,844,000
Income before taxes	\$ 18,799,000	\$ 12,593,000
Income taxes	8,495,000	5,460,000
Net income	\$ 10,304,000	\$ 7,133,000

* Included in Costs and Expenses, Depreciation and Amortization: \$7,982,000 in 1986 and \$7,304,000 in 1985.

Assets

As of	5/30/86	5/31/85
Cash	\$ 10,169,000	\$ 4,314,000
Receivables, net	84,307,000	72,187,000

Oxford Industries, Inc.

*Inventories	87,855,000	111,547,000
Prepaid expenses	1,345,000	1,862,000
Current Assets	\$ 163,676,000	\$ 189,910,000
#Fixed assets	41,342,000	40,505,000
Other assets	2,839,000	4,597,000
Total Assets	\$ 207,857,000	\$ 235,012,000

Liabilities		
Notes payable	\$ —	\$ 40,000,000
Long-term debt, curr.	1,941,000	2,175,000
Accts. payable	31,160,000	24,603,000
Accruals	24,719,000	23,673,000
Income taxes	3,030,000	1,428,000

Cur. Liabilities	\$ 60,850,000	\$ 91,879,000
Long-term debt	18,261,000	20,034,000
+ Common stock	11,183,000	11,094,000
Add. paid-in capital	5,330,000	4,845,000
Retained earnings	112,233,000	107,170,000

Total Liabilities & Shareholders' Equity	\$ 207,857,000	\$ 235,012,000
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* At lower of cost (LIFO) or market.
 # Less accumulated depreciation.
 + \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	3.52	2.25
%Net Income to Sales	1.93	12.77
%Net Income to Equity	8.00	5.79
Sales to Inventories	6.07	5.01
Debt to Equity	0.16	0.18
Working Capital	\$102,826,000	\$ 98,031,000
Current Ratio	2.69	2.07
Shareholders' Equity	\$128,746,000	\$123,109,000

Palm Beach Incorporated

(a wholly owned subsidiary of Palm Beach Holdings, Inc., a privately held corporation)

400 Pike Street
 Cincinnati, Ohio 45202
 (513) 241-4260

Mailing Address:

P.O. Box 1519
 Cincinnati, Ohio 45201

Officers: M. John O'Donoghue, chairman of the board; Calvin Siegal, president; Lawrence W. Ward, exec. v.p.-adm.; William B. Anken, exec. v.p.-finance; Jay Shaw, group president-Men's Wear; Thomas C. Roedersheimer, v.p.-corp. credit mgr.; Michael J. Shannon, v.p.-management information systems; William E. Beebe, treasurer; Walter L. Landerger, Jr., secretary; Paul W. Bridge, Jr., controller.

Directors: William B. Anken, Calvin Siegal, James J. Burke, M. John O'Donoghue, John W. Stodder, Walter L. Landerger, Jr., Raymond J. Minella, Rupinder S. Sidhu, Franklin Simon, II.

Business Activities: Designs, manufactures and markets tailored suits, sport-coats, sportswear for men and boys. Also designs, manufactures and markets contemporary dresses, separates and tailored sportswear for women. Also operates outlet stores and formal wear rental establishments.

Trademarks and/or Brand Names: Palm Beach, Gant, Rugger, Evan-Picone, Austin-Hill Ltd., Royal Palm Beach, Calvin-Por-Men, Bataya Weave, Celebrity, Heritage, Calvin, William Barry Blasport, Bill Blas Collection III, John Weitz, Weekend, Trip-L-Aire, Hunter Haig, Brannock, Varsity Town, Genuine Palm Beach, Springweave, Sunfrost, Palm Lite, Resortweave, Palm Springs, Country Set, Adler, Polo, Solo's, Planter Linen, Samspeck, Buddy, Haspel, Eagle Shirtmakers, Evan Picone for Men, Haspel Turnbury, J. Press, Hammon Park, Polo by Ralph Lauren.

Plant Locations: Knoxville, Tenn.; Talladega, Alabama; Lebanon, Erlanger, Danville & Somerset, Kentucky; North

Bergen, New Jersey; Gallitzin, Allentown & Mahoney City, Pa.; New Bedford, Mass.; Salisbury, Md.

Divisions and Subsidiaries:
 Calvin Clothing Corporation
 64 Conduit St.
 New Bedford, Massachusetts

Evan-Picone
 7801 Tonnelle Blvd.
 North Bergen, New Jersey

Palm Beach Tailored Clothing
 Evan-Picone for Men, Inc.
 Haspel/Gant Tailored Clothing

All at:
 400 Pike Street
 Cincinnati, Ohio 45202

Gant Corporation

Eagle Shirtmakers, Inc.
 2645 Mitchell
 Allentown, Pennsylvania

William Barry Company, Inc.
 Eagle Youthwear, Inc.

Transfer Agent(s):
 Manufacturers Hanover Trust Company
 New York, New York

Stock Exchange(s): Pacific

Ticker Symbol: PMB.Pr (preferred) and PMB.A (debenture)

NOTE:

On December 11, 1985, the Company became a wholly owned subsidiary of Palm Beach Holdings, Inc. as a result of the acquisition and merger of Palm Beach Incorporated, Palm Beach, Inc. before the merger is referred to as "Predecessor"; Palm Beach Incorporated after the merger is referred to as "Palm Beach".

Sales and Earnings

	Net Sales +	Net Income
1986*	\$ 394,238,000	\$ (5,973,000)
1985 x	419,065,000	5,279,000
1984 x	458,961,000	10,028,000
1983 x	472,394,000	13,944,000
1982 x	491,018,000	9,524,000

	No. of Com. Shares	Earn. per Share #
1986*	1,000	\$ —
1985 x	1,000	—
1984 x	3,707,265	2.71
1983 x	3,691,765	3.60
1982 x	3,653,765	2.29

(Loss)

* 53 Weeks.

x Predecessor.

+ Of continuing operations only.

Based on the weighted average number of shares outstanding.

† Earnings per share in 1986 and 1985 are omitted because Palm Beach's common shares are no longer publicly held.

Common Stock Equity

	Total Equity	Equity Per Share
1986*	\$ (2,163,000)	\$ —
1985*	8,155,000	—
1984 x	97,082,000	26.19
1983 x	91,180,000	24.70
1982 x	81,947,000	22.43

(Deficiency)
 * Palm Beach.
 x Predecessor.

Income Account

Year ended	1/3/87 (53 Weeks)	12/28/85*
Net sales	\$ 394,238,000	\$ 419,065,000
Cost of sales	298,810,000	315,081,000

Expenses	77,111,000	85,213,000
Interest expense	26,291,000	15,675,000
Other income	(1,510,000)	(6,510,000)

Income (loss) before taxes	\$ (6,464,000)	\$ 9,606,000
Income taxes (credit)	(491,000)	4,327,000
Net Income (Loss)	\$ (5,973,000)	\$ 5,279,000

* Predecessor.

Assets

As of	1/3/87	12/28/85
Cash	\$ 1,156,000	\$ 2,126,000
Cash investments	4,433,000	4,279,000
Accts. receiv., net	38,804,000	50,218,000
Income tax refund	4,537,000	—
*Inventories	123,224,000	125,262,000
Prepaid expenses	5,629,000	6,239,000
Cur. Assets	\$ 176,983,000	\$ 188,124,000
#Fixed assets	40,441,000	44,272,000
Other assets	27,896,000	29,920,000
Total Assets	\$ 245,320,000	\$ 262,316,000

Liabilities

Long-term debt, curr.	\$ 6,760,000	\$ 8,891,000
Accts. payable	59,824,000	45,720,000
Accruals	12,280,000	14,565,000
Income taxes	—	671,000
Cur. Liabilities	\$ 78,864,000	\$ 69,847,000
Long-term debt	148,727,000	171,456,000
Other liabilities	3,137,000	1,231,000
Deferred inc. taxes	782,000	—
+ Redeem. pref. stock	15,973,000	11,627,000
+ + Common stock	1,000	1,000
Add. paid-in capital	4,940,000	8,154,000
Retained earnings	(7,104,000)	—

Total Liabilities & Shareholders' Equity	\$ 245,320,000	\$ 262,316,000
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* At standard cost which approximates actual cost (LIFO) and are not in excess of market.
 # Less accumulated depreciation and amortization.
 + \$0.01 per value; 10% cumulative exchangeable.
 + + \$0.10 per value.

Statistical Summary

%Income before Taxes to Sales	—	2.29
%Net Income to Sales	—	1.26
Sales to Inventories	3.20	3.35
Working Capital	\$ 98,119,000	\$118,277,000
Current Ratio	2.24	2.69
Shareholders' Equity (Deficiency)	\$ (2,163,000)	\$ 8,155,000

Pannill Knitting Company, Incorporated

202 Cleveland Avenue
 P.O. Box 5151
 Martinsville, Virginia 24115
 (703) 638-8841

Officers: William G. Pannill, chairman of the board & chief exec. officer; John G. Decker, president & chief operating officer; Bryce N. Middleton, exec. v.p. & chief financial officer; Norman H. Philips, v.p. & dir.-sales; William L. Pannill, v.p.-merchandising; Joe R. Brown, secretary & treasurer; T. Eugene McBride, v.p.-operations; M. Richard Macoscup, v.p.-finance & controller; Robert P. Robertson, v.p. & int'l sales mgr.; Stephen Kornberg, v.p.-sales, Eastern region; Carl E. Amendola, v.p.-sales, Western region; James P. Murphy, v.p.-sales; Marlene M. Meadows, asst. secretary.

Directors: William G. Pannill, chairman; John G. Decker, Bryce N. Middleton, Peter E. Bennett, Gilbert Butler, R. Bradford Mah, Arthur W. Wadman.

Phillips-Van Heusen Corporation

Business Activities: Manufactures and distributes licensed sportswear, offering sweatshirts and sweatpants in a wide array of colors and sizes, for men, women, children and infants. Principal products are long-sleeve crewneck sweatshirts, hooded sweatshirts available in zipper or pullover styles and sweatpants with elastic or drawstring waists.

Trademarks and/or Brand Names: Pannill, Ultra Sweats.

Plant Locations: Martinsville, Gretna, Floyd, Stuart, and Rocky Mount, Virginia; Eden, N.C.

Transfer Agent(s):

United Virginia Bank
919 East Main Street
Richmond, Virginia 23219

Stock Exchange(s): New York

Ticker Symbol: PKC

Sales and Earnings			
	Net Sales	Net Income †	
1986	\$ 245,498,000	\$	21,703,000
1985	191,522,000		18,830,000
1984*	117,865,000		(7,203,000)
1983 x	160,052,000		22,752,000
1982 x	144,754,000		19,855,000
	No. of Com. Shares ‡	Earnings per Share ‡	
1986	15,000,000	\$	1.41
1985	14,821,000		1.19
1984*	14,570,000		—

(Loss)

* 36 weeks.

x On Apr. 18, 1984, Pannill Knitting Co. (The Predecessor Company) was merged into PKC Acquisition, Inc., whose name was changed to Pannill Knitting Company, Inc. at the time of the merger. These figures are for the Predecessor Company.

† Including extraordinary gain of \$4,872,000 (\$0.33 per share) in 1985 and extraordinary loss of \$708,000 (\$0.05 per share) in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 22,556,000	\$ 1.50
1985	1,383,000	0.09
1984	(16,720,000)	—

(Deficiency)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)			
Year ended Dec. 31	1986	1985	
Net sales	\$ 245,498	\$	191,522
Cost of sales	161,130		126,562
Expenses	16,105		13,011
Amortization	3,859		3,990
Interest expense	17,310		20,369
Interest income	(1,041)		(179)
Public offering expense	1,918		—
Other expenses	19		758
Inc. bef. taxes	\$ 46,198	\$	27,011
Income taxes	23,787		13,053
Net income	\$ 22,411	\$	13,958
Extraord. items	(708)		4,872
Net income & Extraord. loss	\$ 21,703	\$	18,830

* Included in Costs and Expenses, Depreciation: \$6,231,000 in 1986 and \$5,646,000 in 1985.

Assets (000's)			
As of Dec. 31	1986	1985	
Cash	\$ 2,333	\$	4,591
Accts. receiv., net	65,028		42,622
*Inventories	26,577		17,247
Prepaid expenses	394		397
Current Assets	\$ 94,332	\$	64,857
†Fixed assets	75,327		65,336
Other assets	56,468		58,722
Total Assets	\$ 226,127	\$	188,915
Liabilities (000's)			
Long-term debt, curr.	\$ 11,000	\$	9,250
Accts. payable	12,418		8,461
Accrued payroll	5,871		4,051
Other accruals	428		752
Accrued income taxes	12,061		—
Curr. Liabilities	\$ 41,778	\$	22,514
Long-term debt	142,787		146,837
Deferred inc. taxes	19,006		8,181
Redeem pref. stock	—		10,000
+ Common stock	150		150
Add. paid-in capital	14,893		14,893
Retained earn.	30,760		9,587
Ex. of purch. price over value of Predecessor Company	(23,247)		(23,247)
Total Liabilities & Shareholders' Equity	\$ 226,127	\$	188,915

* At lower of cost (FIFO) or market.

† Less accumulated depreciation.

+ \$0.01 par value.

Statistical Summary			
%Income bef. Taxes to Sales	18.82		14.10
%Net Income to Sales	9.13		7.29
Sales to Inventories	9.24		11.10
Working Capital	\$52,554,000		\$42,343,000
Current Ratio	2.26		2.88
Shareholders' Equity	\$22,556,000		\$ 1,383,000

Phillips-Van Heusen Corporation

1290 Avenue of the Americas
New York, New York 10104
(212) 541-5200

Officers: Lawrence S. Phillips, chairman & president; Albert R. Bongiovi, v.p., secretary & controller; Edward H. Cohen, v.p. & gen. counsel; Michael Frenkel, v.p. & counsel; Bert G. Cox, Walter C. Zambrovitz, Bruce J. Klatsky, Murray Weinberg, v.p.'s; William J. Bloom, treasurer.

Directors: Lawrence S. Phillips*, chairman; Shirley Goodman Brown, Bert G. Cox, William S. Scolnick, Steven L. Osterweis, Alfred P. Slaner, Estelle Ellis, Ellis E. Meredith, Bruce J. Klatsky*, Edward H. Cohen, David L. Holzman.

* Member of the Executive Committee.

Business Activities: Operates retail stores selling apparel and men's and women's apparel manufacturing companies. Manufactured products include men's dress shirts, sport shirts, jeans, topsuits, raincoats, sweaters, slacks, sportswear, outerwear, suits and sportcoats, and women's shirts, blouses and tailored clothing.

Apparel Trademarks and/or Brand Names: Van Heusen Collection, Cricketer, Country Britches, Hennessy, Cacharel, Custom Club, Open Boundaries, Daks, Made For Weekends, Geoffrey Beene, Cricketer Woman, 417, Baracuta, Corum, Playoffs, Etienne Aigner, Alan Flusser, Baccarat, Winterweights, Gear by Van Heusen.

Divisions and Subsidiaries:

Retail Division

Kennedy's
7 stores in Massachusetts and Rhode Island.

Hamburger's
12 stores in Maryland, Delaware and Pennsylvania.

Juner's
8 stores in Minnesota.

Harris & Frank
19 stores in California and Nevada.

PVH Outlet Stores
111 stores in 25 states primarily in the Northeast, Southeast, and Midwest.

Manufacturing Divisions:
The Van Heusen Group of Companies
The Van Heusen Company
The Designer Group
The Pickwick Company
The Corporate Markets Company
The Joseph & Feiss Company
Private Label Sportswear Group
PVH Somerset Company
Somerset Knitting Mills, Inc.
Tejidos de Cosmo, Inc.

All at:
1290 Avenue of the Americas
New York, New York 10104

Transfer Agent(s):
Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: PVH

Sales and Earnings			
	Net Sales †	Net Income	
1987	\$ 514,386,696	\$	20,100,853
1986	550,428,164		15,935,344
1985	590,787,183		15,297,966
1984	505,885,420		17,262,224
1983	454,975,342		8,757,340
	No. of Com. Shares ‡	Earnings per Share +	
1987	6,197,853	\$	3.18
1986	6,146,475		2.54
1985	6,092,475		2.44
1984	6,056,870		2.94
1983	5,651,876		1.54

† Including operating revenues.

‡ Adjusted to reflect stock split.

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)			
	1987	1986	
Manufacturing	\$ 380,939	\$	437,142
Retail	133,448		113,286
Total	\$ 514,387	\$	550,428
Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.40	—	—
1986	0.40	—	—
1985	0.40	—	—
1984	0.325	—	2-for-1
1983	0.30	—	—

+ Adjusted to reflect stock split.

Phillips-Van Heusen Corporation

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 164,522,000	\$ 26.54
1986	150,676,000	24.65
1985	137,567,000	22.58
1984	124,465,000	20.55
1983	103,473,000	18.31

+ Adjusted to reflect stock split.

Income Account *

Year ended	1987	1986
Net sales & rev.	\$ 514,386,696	\$ 550,428,164
Cost of sales	349,891,844	396,041,467
Expenses	120,833,411	114,934,174
Other Expense	909,577	2,127,988
Interest expense	4,197,011	7,937,191
Income before taxes	\$ 38,454,853	\$ 29,387,344
Income taxes	18,354,000	13,452,000
Net Income	\$ 20,100,853	\$ 15,935,344

* Included in Costs and Expenses, Depreciation and Amortization: \$5,187,259 in 1987 and \$4,962,733 in 1986.

Assets

As of	1987	1986
Cash	\$ 19,266,689	\$ 15,712,218
Commercial paper	7,000,000	7,000,000
Receiv., net	62,742,965	67,161,494
*Inventories	106,970,738	105,254,063
Other assets	3,675,654	1,054,074
Curr. Assets	\$ 199,656,066	\$ 196,181,849
#Fixed assets	33,483,400	33,377,196
Leased prop. under cap. lease oblig.	5,822,694	6,436,870
Intangibles	3,272,624	3,290,215
Other assets	3,032,431	2,137,642
Total Assets	\$ 245,267,215	\$ 241,423,772

Liabilities

Long-term debt, curr.	\$ 528,749	\$ 619,884
Cap. lease oblig., curr.	637,390	691,214
Accts. payable	26,648,973	31,050,942
Accruals	30,019,547	27,003,316
Income taxes	5,405,303	2,925,751
Curr. Liabilities	\$ 63,239,962	\$ 62,291,107
Long-term debt	3,935,623	14,642,710
Cap. lease oblig.	4,879,283	5,595,777
Other liabilities	8,690,161	8,318,604
+ Common stock	6,197,853	6,146,475
Add. paid-in capital	36,441,850	35,979,116
Retained earnings	127,045,030	109,386,067
Treasury stock	(5,162,547)	(836,084)
Total Liabilities & Shareholders' Equity	\$ 245,267,215	\$ 241,423,772

* At lower of cost or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	7.48	5.34
%Net Income to Sales	3.91	2.90
%Net Income to Equity	12.22	10.58
Debt to Equity	2.39	0.10
Working Capital	\$136,416,104	\$133,890,742
Current Ratio	3.16	3.15
Shareholders' Equity	\$164,522,186	\$150,675,574

Pope, Evans and Robbins Incorporated

49 West 37th Street
New York, New York 10018
(212) 921-4260

Officers: Joseph E. Robbins, chairman of the board & secretary; Harry Rabinowitz, president & treasurer.

Directors: Joseph E. Robbins, chairman; Julian L. Burnett, Isidore Sol Jaffe, Richard L. Moore, Harry Rabinowitz.

Business Activities: Designs, imports and distributes sweaters and other knit products. Operates retail stores engaged in the sale of fabrics, notions, and related products.

Trademarks and/or Brand Names: de rotschild, Extra Energy, heidi, heidi kids, Gladys Bagley, Gladys Bagley Petites, Lady DeRotschild.

Plant Location(s): New York, New York; San Lorenzo, Puerto Rico.

Subsidiaries:

DeRotschild Knitwear, Inc.
Fabric Tree, Inc.

Transfer Agent(s):

Continental Stock Transfer and Trust Co.
72 Reade Street
New York, New York

Stock Exchange(s): American

Ticker Symbol: PER

Sales and Earnings x

	Net Sales +	Net Income
1986	\$ 58,060,000	\$ (7,221,000)
1985	61,622,000	(12,947,000)
1984	31,343,000	1,149,000
1983	—	7,828,000
1982	—	10,326,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	8,008,000	\$ —
1985	8,227,000	—
1984	8,180,000	0.14
1983	8,184,000	0.96
1982	8,157,000	1.26

(Loss)

x Prior to 1984 the Company was engaged in the protective fabrics and garments business only. In 1985 these businesses were discontinued, therefore net sales are omitted prior to 1984.

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 22,946,000	\$ 2.91
1985	31,349,000	3.81
1984	44,263,000	5.38
1983	42,546,000	5.23
1982	35,928,000	4.41

Income Account *

Year ended	1986	1985
Net sales	\$ 38,080,363	\$ 61,621,656
Cost of sales	46,932,893	47,962,021
Expenses	14,556,689	11,808,110
Interest expense	2,142,334	2,653,852
Other expenses	614,663	230,804
Loss bef. taxes	\$ (6,186,216)	\$ (1,021,131)
Tax credit	(761,000)	(531,500)

Loss - cont. oper. \$ (5,425,216) \$ (499,631)
Loss - discont. oper. (1,796,041) (12,447,475)

Net Loss \$ (7,221,257) \$ (12,947,106)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,201,136 in 1986 and \$1,169,007 in 1985.

Assets

As of June 30	1986	1985
Cash	\$ 1,589,335	\$ 310,597
Accts. receiv., net	7,769,858	8,016,365
Refundable taxes	2,317,050	4,888,821
*Inventories	15,726,645	12,683,400
Prepaid expenses	803,174	482,071
Net assets-discont. oper.	9,353,387	11,691,281
Current Assets	\$ 37,559,449	\$ 38,072,535
#Fixed assets	5,200,445	5,536,691
Notes receivable	16,900,000	18,358,946
Other assets & deferred charges	2,491,103	4,341,594
Intangibles	7,289,837	7,484,714
Net assets-disc. oper.	649,507	702,739
Total Assets	\$ 70,090,361	\$ 74,697,219

Liabilities

Notes payable	\$ 9,320,037	\$ 6,929,101
Long-term debt, curr.	88,007	117,175
Accts. payable	3,949,675	2,609,179
Accruals	1,414,514	1,565,395
Income taxes	129,309	30,438
Curr. Liabilities	\$ 14,901,542	\$ 11,251,288
Long-term debt	32,242,783	32,096,968
+ Common stock	839,959	839,959
Add. paid-in capital	21,597,678	21,597,678
Retained earnings	4,288,448	11,509,705
Treasury stock	(3,780,049)	(2,598,379)

Total Liabilities & Shareholders' Equity \$ 70,090,361 \$ 74,697,219

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.10 par value.

Statistical Summary

Sales to Inventories	3.69	4.36
Debt to Equity	1.41	1.25
Working Capital	\$22,657,907	\$26,821,247
Current Ratio	1.32	3.38
Shareholders' Equity	\$22,946,036	\$31,348,963

PPG Industries, Inc.

One PPG Place
Pittsburgh, Pennsylvania 15272
(412) 434-3131

Officers: Vincent A. Sarni, chairman of the board & chief executive officer; Edward J. Slack, president & chief operating officer; Frank V. Broeze, vice chairman & chief administrative officer; Robert H. Mitchell, v.p.-finance; Charles P. Bishop, v.p.-environment, health & safety; Russell A. Eberly, v.p. & general counsel; Donald G. Griffin, v.p.-distribution & transportation; L.B. Boswell, v.p.-international; Marco Winner, v.p.-science & technology; Richard B. Perran, v.p.-human resources; Raymond W. LeBoeuf, v.p.-purchasing; Edward I. Spruill, Jr., v.p.-tax administration; Richard M. Rompala, v.p.-corp. development; Thomas F. Hudak, controller; Lawrence M. Call, treasurer; Edward Blazewski, Jr., v.p. & secretary; Regis J. McKenzie, v.p.-corp. investments; Eugene B. Mosier, Malcolm G. Slaney, Robert D. Duncan, group v.p.'s.

Directors: Frank V. Broeze, Douglas D. Danforth, Stanley C. Gault, James P. Jung, Stephen F. Keating, John W. Morrison, Robert W. Morse, Julio A. Torres, Vincent A. Sarni, Edward J. Slack, L. Stanton Williams, Harold A. McInnes.

Business Activities: Engaged in the production of coatings and resins, chemicals, flat glass, fiber glass and flat glass products, including yarn for textile manufacture, fibers and filaments for reinforced plastic products.

Private Brands, Inc.

Textile Trademarks and/or Brand Names: Tono, L.E.X., Trianti, Pionfield, HerraFlex.

Fiber Glass Plastic(s): Lexington & Shelby, N.C.

Divisions and Subsidiaries:

Glass Group
Coatings & Resin Group
Chemicals Group

Instrument & Systems Group PPG Canada
Toronto, Ontario, Canada

Bonacis
France

Peintures Corona (96% owned)
France

Biomedical Systems Division
Freiburg, West Germany
Best, The Netherlands

Manufactures patient monitoring systems and sensors, defibrillators, and electrocardiogram instruments.

Amperspace (80% owned)
Cremona, Italy

Manufacture of aircraft transparencies.
Vernate Pennitalia (80% owned)

Italy

PPG Industries (U.K.) Ltd.
Manufactures automotive and industrial coatings.

Industrie Vernici Italiane, S.p.A.

Manufactures automotive and industrial coatings and resins.

Anshi-Penn Chemical
Chiba, Japan

Pinturas Pittsburgh de Mexico (59% owned)
Tlalampala, Mexico

Pinturas Pittsburgh Iberica (60% owned)
Spain

PPG Industries Taiwan (55% owned)
Taichung, Taiwan

Wulffing
Wuppertal, West Germany

Silenka B.V.
The Netherlands

Jordan Chemical Company
Folcroft, Pennsylvania

Dangyul Industrial Company Ltd.
Pusan, Korea
Produces automotive coatings.

Acquisition(s):

Chemfil Corporation
Metal pretreatment supplier.

Mazer Chemicals, Inc.
Santock Chemicals, Inc.
Specialty chemical manufacturers.

Lenhardt Maschinenbau GmbH (75% owned)
Manufacturer of insulating glass machinery.

Transfer Agent(s):
Pittsburgh National Bank
Stock Transfer Department - 982
Pittsburgh, Pennsylvania 15265

Stock Exchange(s): New York, Philadelphia, Pacific

Ticker Symbol: PPG

Sales and Earnings

	No. Sales (000's)	Net Income (000's)
1986	\$ 4,687,100	\$ 316,400
1985	4,345,500	302,700
1984	4,242,200	302,600
1983	3,681,600	232,500
1982	3,295,500	155,100

	No. of Com. Shares #	Earn. per Share #
1986	118,900,000	\$ 2.66
1985	133,400,000	2.27
1984	139,900,000	2.16
1983	139,400,000	1.67
1982	137,600,000	1.13

Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.94	—	2-for-1
1985	0.82	—	—
1984	0.70	—	—
1983	0.62	—	2-for-1
1982	0.59	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	\$ 1,977,800	\$ 16.63
1985	1,705,300	12.78
1984	2,015,000	14.40
1983	1,846,000	13.24
1982	1,707,000	12.41

‡ Adjusted to reflect stock splits.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 4,687,100	\$ 4,345,500
Cost of sales	2,799,600	2,644,200
Expenses	674,200	611,600
Research & devel.	203,500	175,600
Depreciation	242,200	213,500
Interest expense	98,600	60,500
Misc. taxes	149,300	142,900
Share of earn. of eq. affil.	(17,500)	(14,900)
Other income	(68,500)	(75,300)
Other charges	42,800	48,100
Income before taxes	\$ 562,900	\$ 539,300
Income taxes	236,200	234,400
Minority interest	10,300	2,200
Net Income	\$ 316,400	\$ 302,700

Assets (000's)

As of Dec. 31	1986	1985
Cash & time deposits	\$ 53,900	\$ 13,100
Marketable securities	12,400	11,200
Receiv., net	896,000	764,600
*Inventories	601,600	527,600
Other assets	52,000	53,600
Current Assets	\$ 1,615,900	\$ 1,370,100
Investments	135,800	120,500
*Fixed assets	2,660,600	2,478,500
Other assets	229,100	114,700
Total Assets	\$ 4,641,400	\$ 4,083,800

Liabilities (000's)

Short-term borrowings & long-term debt, curr.	\$ 338,000	\$ 220,500
Accts. payable & accruals	611,000	561,400
Income taxes	18,900	23,500
Oblig. under cap. leases	7,800	18,200
Curr. Liabilities	\$ 975,700	\$ 823,600

Long-term debt Oblig. under cap. leases	966,000	935,000
Pretax inc. taxes	42,400	48,300
Accrued pensions	367,700	311,100
Maint. & repairs	76,800	48,300
Other liabilities	65,900	78,900
Minority interest	86,100	74,900
+ Common stock	83,000	58,400
Treasury stock	351,500	344,500
Retained earnings	(542,400)	(560,800)
Foreign currency translation	2,213,900	2,009,300
	(45,200)	(87,700)

Total Liabilities &
Shareholders' Equity \$ 4,641,400 \$ 4,083,800

* At cost (LIFO) or at lower of cost or market.
‡ Less accumulated depreciation.
+ \$1.66% per value.

Statistical Summary

%Income bef. Taxes to Sales	12.01	12.41
%Net Income to Sales	6.75	6.96
%Net Income to Equity	16.00	17.75
Sales to Inventories	7.79	8.23
Debt to Equity	0.49	0.70
Working Capital	\$ 640,200,000	\$ 546,500,000
Current Ratio	1.66	1.66
Shareholders' Equity	\$1,977,800,000	\$1,705,300,000

Private Brands, Inc.

750 Kent Avenue
Brooklyn, New York 11211
(718) 237-0472

Officers: Aaron J. Gross, chairman; Milton S. Jacoby, president & chief exec. officer; Yitchak Schlesinger, v.p., secretary & chief financial officer.

Directors: Aaron J. Gross, chairman; Milton S. Jacoby, Yitchak Schlesinger, Judith W. Powers, Jacob Schlesinger.

Business Activities: Designs and manufactures high-quality women's active and leisure wear on an exclusive basis for a number of the country's leading specialty chains. The manufacturing process involved the conversion of raw yarn into single jersey and double knit fabrics such as velours, french terry, interlocks, surface interest fabrics, flat knit ribs, cable knits, stripes in all dimensions and other diversified knitted fabrics. Apparel includes tops and two- and three-piece ensembles. The Company has also commenced design and manufacture various lines of men's active and leisure wear.

Plant Location(s): Brooklyn, New York

Subsidiaries:

Pious Apparel Inc.
Sportway Industries, Inc.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York

Stock Exchange(s): Philadelphia, Over-the-Counter

Ticker Symbol: PBR (Philadelphia), PRIV (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 15,073,652	\$ 767,323
1985	12,868,513	71,281
1984	10,082,084	39,455
1983	8,507,815	49,720
1982	7,096,182	69,161
	No. of Com. Shares	Earn. per Share ‡
1986	9,000,000	\$ 0.09
1985	9,000,000	0.01

Private Brands, Inc.

1984	9,000,000	0.01
1983	9,000,000	0.01
1982	9,000,000	0.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 2,363,460	\$ 0.26
1985	1,596,137	0.18
1984	1,524,856	0.17
1983	1,485,401	0.17
1982	535,681	0.06

Income Account		
Year ended Sept. 30	1986	1985
Net sales	\$ 15,073,652	\$ 12,868,513
Cost of sales	12,117,804	11,515,888
Expenses	917,638	803,056
Depreciation	186,089	171,588
Interest expense	331,182	292,922
Income before taxes	\$ 1,520,939	\$ 85,059
Income taxes	753,616	13,778
Net Income	\$ 767,323	\$ 71,281

Assets		
As of Sept. 30	1986	1985
Cash	\$ 174,248	\$ 96,152
Cert. of deposit	432,946	415,140
Accts. receiv., net	3,401,915	3,319,706
Loans receivable	10,284	—
*Inventories	2,373,000	650,220
Prepaid expenses	30,868	15,924
Current Assets	\$ 6,423,261	\$ 4,497,142
#Fixed assets	737,914	855,358
Underwriting costs	20,000	—
Security deposits	2,759	13,755
Total Assets	\$ 7,183,934	\$ 5,366,255

Liabilities		
Loans payable to fin. co.	\$ 2,642,814	\$ 2,841,763
Notes payable	5,843	26,368
Accts. payable	650,254	756,052
Bank loan payable	542,887	—
Loans payable	15,000	—
Accruals & taxes payable	241,967	145,935
Income taxes	721,709	—
Curr. Liabilities	\$ 4,820,474	\$ 3,770,118
+ Common stock	9,000	9,000
Add. paid-in capital	1,096,000	1,096,000
Retained earnings	1,258,460	491,137

Total Liabilities & Shareholders' Equity	\$ 7,183,934	\$ 5,366,255
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.001 par value.

Statistical Summary		
%Income bef. Taxes to Sales	10.09	0.66
%Net Income to Sales	5.09	0.55
%Net Income to Equity	32.47	4.47
Sales to Inventories	6.35	19.79
Debt to Equity	1.12	1.80
Working Capital	\$1,602,787	\$ 727,024
Current Ratio	1.33	1.19
Shareholders' Equity	\$2,363,460	\$1,596,137

ProGroup, Inc.

99 Tremont Street
Chattanooga, Tennessee 37405
(615) 267-5631

Officers: John M. Tucker, chairman of the board, president & chief exec. officer; Edgar M. Liendecker, v.p.; Alvin C. Ramsey, v.p.-manufacturing; Thomas A. Caldwell, secretary; Charles R. Cory, controller.

Directors: Robert H. Caldwell, Lewis W. Oshnig, Arnold D. Palmer, John B. Stout, John M. Tucker, George R. Wislar.

Business Activities: Manufactures and sells golf equipment and nylon sports apparel, including golf clubs, bags, luggage, gloves, rainwear and sports apparel.

Trademarks and/or Brand Names: Duckster, Arnold Palmer, First Flight, Densitize, Palmer Perfects, Hotze, James H. McClory, The Axiom.

Plant Locations: Cleveland and Chattanooga, Tenn.; Pocatonton, Ark.

Divisions and Subsidiaries:
Arnold Palmer Golf Company
99 Tremont Street
Chattanooga, Tennessee 37405

Duckster Sportswear Division
99 Tremont Street
Chattanooga, Tennessee 37405

PGC International, Inc. (DISC)
99 Tremont Street
Chattanooga, Tennessee 37405

Transfer Agent(s):

Third National Bank
Box 2844
Uptown Station
Nashville, Tennessee 37219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PRGR (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 27,596,000	\$ 1,999,000
1985	25,803,000	702,000
1984	24,927,000	1,282,000
1983	21,755,000	1,493,000
1982	22,342,000	1,155,000

	No. of Com. Shares	Earn. per Share ‡
1986	2,635,562	\$ 0.76
1985	2,572,889	0.27
1984	2,551,389	0.48
1983	2,534,389	0.57
1982	2,540,189	0.44

‡ Based on the monthly average number of common shares and common share equivalents outstanding.

Revenues By Line of Business		
	1986	1985
Golf equipment & accessories	\$ 20,804,000	\$ 20,722,000
Apparel	6,792,000	5,081,000
Total	\$ 27,596,000	\$ 25,803,000

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 15,248,000	\$ 5.79
1985	13,159,000	5.11
1984	12,434,000	4.87
1983	11,132,000	4.39
1982	9,688,000	3.81

Income Account *		
Year ended	9/27/86	9/28/85
Net sales	\$ 27,596,000	\$ 25,803,000
Cost of sales	16,723,000	17,916,000
Expenses	7,213,000	6,532,000
Interest expense	50,000	250,000

Interest income	(212,000)	(35,000)
Other income	(94,000)	(169,000)
Income before taxes	\$ 3,916,000	\$ 1,309,000
Income taxes	1,917,000	807,000
Net Income	\$ 1,999,000	\$ 702,000

* Included in Costs and Expenses, Depreciation and Amortization: \$368,000 in 1986 and \$340,000 in 1985.

Assets		
As of	9/27/86	9/28/85
Cash	\$ 4,074,000	\$ 574,000
Receiv., net	8,301,000	9,062,000
*Inventories	3,186,000	3,792,000
Prepaid expenses	891,000	766,000
Other	139,000	142,000
Allowance for doubtful accounts	(250,000)	(250,000)
Current Assets	\$ 16,041,000	\$ 14,086,000
#Fixed assets	1,707,000	1,726,000
Other assets	1,408,000	1,388,000
Total Assets	\$ 19,156,000	\$ 17,200,000

Liabilities		
Long-term debt, curr.	\$ 17,000	\$ 15,000
Accts. payable	720,000	1,143,000
Accruals	1,312,000	1,176,000
Income taxes	1,050,000	904,000
Curr. Liabilities	\$ 3,099,000	\$ 3,238,000
Long-term debt	728,000	720,000
Defer. inc. taxes	81,000	81,000
+ Common stock	1,338,000	1,307,000
Add. paid-in capital	3,106,000	3,049,000
Retained earnings	10,922,000	8,923,000
Treasury stock	(118,000)	(118,000)

Total Liabilities & Shareholders' Equity	\$ 19,156,000	\$ 17,200,000
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* At LIFO; apparel inventories at lower of average cost or market.

Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary		
%Income bef. Taxes to Sales	14.19	5.07
%Net Income to Sales	7.24	2.72
%Net Income to Equity	13.11	5.33
Sales to Inventories	8.66	6.80
Debt to Equity	0.05	0.06
Working Capital	\$12,942,000	\$10,948,000
Current Ratio	5.18	4.35
Shareholders' Equity	\$15,248,000	\$13,161,000

Quaker Fabric Corporation

(formerly Veripile, Inc.)

941 Grinnell Street
P.O. Box 2139
Fall River, Massachusetts 02722
(617) 678-1951

Officers: Alan E. Symonds, chairman of the board & president; Thomas J. Fineran, v.p.-sales; Harry W. Boltz, v.p.-materials mgmt.; John W. McKinney, v.p.-mfg.; Geoffrey H. O'Brien, v.p.-merchandising; Hemendra K. Shah, v.p.-research & development; Carl F. Steinfield, v.p. & gen. mgr.-flock operations; Phillip S. Sumpter, v.p.-finance, treasurer & secretary; George T. Enos, controller.

Directors: Alan E. Symonds, chairman; Archer L. Bolton, Jr., Jonathan E. Cole, Edward Creiger, Herbert W. Marache, Jr., John C. Moore, III, Carl F. Steinfield, Edward B. Stevens, Phillip S. Sumpter.

Business Activities: Manufactures flat and jacquard woven fabrics, pile fabrics, flock and flock-coated products for the upholstery industry.

Quality Mills, Incorporated

Plant Locations: Fall River, Leominster, Massachusetts; Claremont, New Hampshire.

Subsidiaries:

Claremont Flock Corporation
Claremont, New Hampshire

Quaker Fabric Corporation of Fall River
Fall River, Massachusetts

Transfer Agent(s):

Fleet National Bank

Stock Exchange(s): American

Ticker Symbol: CPQ

Sales and Earnings

	Net Sales +	Net Income + ‡
1987	\$ 106,273,000	\$ 2,268,000
1986	118,300,000	916,000
1985*	104,318,000	(1,840,000)
1984	24,339,000	578,000
1983	20,394,000	136,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1987	1,678,649	\$ 1.35
1986	1,652,592	0.55
1985*	1,583,519	—
1984	1,305,832	0.44
1983	N.A.	0.11

(Loss)

N.A. - Not Available.

* 53 weeks.

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

† Including extraordinary gain of \$623,000 (\$0.37 per share) in 1987.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	0.10	—	—
1984	0.075	—	—
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 12,397,704	\$ 7.39
1986	10,064,990	6.09
1985	9,050,450	5.72

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	2/28/87	3/1/86
Net sales	\$ 106,273,261	\$ 118,299,654
Cost of sales	88,693,119	98,892,547
Expenses	14,470,866	16,090,065
Interest expense	2,871,170	3,586,543
Pension plan	(2,220,959)	—
Life insur. proceeds	—	(1,156,000)
Other expense (income)	114,059	(29,153)
Inc. bef. taxes	\$ 2,345,006	\$ 915,652
Income taxes	700,000	—
Net income	\$ 1,645,006	\$ —
Extraord. gain	623,000	—
Net Income & extraord. gain	\$ 2,268,006	\$ 915,652

* Included in Costs and Expenses, Depreciation: \$2,612,774 in 1987 and \$2,229,786, in 1986.

Assets

As of	2/28/87	3/1/86
Cash & temp. cash invest.	\$ 402,582	\$ 403,468
Accts. receiv., net	8,290,448	7,230,742

*Inventories 17,900,747 17,809,056
Prepaid expenses 1,076,552 541,019

Current Assets \$ 27,670,329 \$ 25,984,285
#Fixed assets 17,089,558 17,100,979
Other assets 547,813 631,629
Total Assets \$ 45,307,700 \$ 43,716,893

Liabilities

Notes payable \$ 646,421 \$ 65,073
Long-term debt, curr. 2,666,791 1,886,434
Accts. payable & accruals 6,704,458 6,307,462
Accrued compensation 2,858,237 2,545,416
Income taxes 175,884 651,752

Curr. Liabilities \$ 13,051,791 \$ 11,456,137
Long-term debt 18,171,707 20,669,222
Other liabilities 1,686,498 1,526,544
+ Common stock 16,856 16,670
Add. paid-in capital 4,924,386 4,859,864
Retained earnings 7,456,462 5,188,456

Total Liabilities & Shareholders' Equity \$ 45,307,700 \$ 43,716,893

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$0.01 per value.

Statistical Summary

%Net Income to Sales	2.13	0.77
%Net Income to Equity	18.29	9.10
Sales to Inventories	5.94	6.64
Debt to Equity	1.47	2.25
Working Capital	\$14,618,538	\$14,528,148
Current Ratio	2.12	2.27
Shareholders' Equity	\$12,397,704	\$10,064,990

Quality Mills, Incorporated

P.O. Box 1107
Mount Airy, North Carolina 27030
(919) 786-6161

Officers: John E. Woltz, chairman of the board & chief exec. officer; Jack D. Grooms, president & treasurer; Howard O. Woltz, Jr., v.p. & general counsel; William M. Glenn, secretary-controller; Nicholas H. Freitag, v.p.-merchandising; W. Ronald Wagenseil, James M. Gardiner, v.p.'s-sales; Ronald A. Ellis, v.p.-administration; Joe C. Glover, v.p.-contract sales; John M. Johnson, v.p.-manufacturing.

Directors: John E. Woltz, Howard O. Woltz, Jr., Jack D. Grooms, L. Kinsey Mann.

Business Activities: Manufactures and markets knit wearing apparel consisting of men's, ladies', and children's knit sport-wear and playwear. Also manufactures and markets a variety of knit fabrics to the apparel trade.

Trademarks and/or Brand Names: Trend, Tweens, Toddly Winks, Trend Sport, Huntley of York, and Cross Creek.

Plant Location(s): Mt. Airy, Carthage, Newport, N.C.; Hillsville, Va.

Transfer Agent(s):

Wachovia Bank and Trust Company, N.A.
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): Over-the-Counter

Sales and Earnings

	Net Sales	Net Income ‡
1986	\$ 50,325,594	\$ 2,040,736
1985	44,459,985	(799,417)
1984	48,641,010	1,476,134
1983	45,276,139	1,758,605
1982	40,063,398	4,760

No. of Com. Shares +

Earn. per Share ‡†

1986	1,392,178	\$ 1.46
1985	1,331,778	—
1984	1,288,378	1.11
1983	1,254,778	1.37
1982	1,227,578	0.01

(Loss)

† Including extraordinary gains of \$1,018,000 (\$0.73 per share) in 1986, \$473,000 (\$0.36 per share) in 1984 and \$836,000 (\$0.65 per share) in 1983.

+ Adjusted to reflect stock split.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 5,894,744	\$ 4.23
1985	3,718,636	2.79
1984	4,411,890	3.42
1983	2,854,531	2.27
1982	1,034,001	0.84

‡ Adjusted to reflect stock split.

Income Account *

Year ended	12/28/86	12/29/85
Net sales	\$ 50,325,594	\$ 44,459,985
Cost of sales	40,189,487	36,985,892
Expenses	7,253,794	6,388,328
Other income	(783,666)	(52,950)
Interest expense	1,625,243	1,938,132
Inc. (loss) bef. taxes	\$ 2,040,736	\$ (799,417)
Inc. taxes	1,018,000	—
Net Income (Loss)	\$ 1,022,736	\$ (799,417)
Extraordinary gain	1,018,000	—
Net Income (Loss) & extraord. gain	\$ 2,040,736	\$ (799,417)

* Included in Costs and Expenses, Depreciation: \$1,048,536 in 1986 and \$1,064,400 in 1985.

Assets

As of	12/28/86	12/29/85
Cash	\$ 182,721	\$ 163,004
*Inventories	14,076,677	10,238,100
Misc. receiv. on prepaid expenses	1,129,236	890,115
Current Assets	\$ 15,388,634	\$ 11,291,219
#Fixed assets	7,972,740	7,346,402
Other assets	271,531	339,602
Total Assets	\$ 23,632,905	\$ 18,977,223

Liabilities

Long-term debt., curr.	\$ 1,689,433	\$ 1,557,746
Due to factor	4,642,095	1,907,880
Accts. payable	4,126,652	3,847,411
Accruals	1,999,621	1,684,019
Curr. Liabilities	\$ 12,457,801	\$ 8,997,056
Long-term debt	5,109,127	5,914,300
Oblig. under capital lease	171,233	347,031
+ Common stock	1,392,178	1,331,778
Add. paid-in capital	2,014,246	1,939,274
Retained earnings	2,488,320	447,584
Total Liabilities & Shareholders' Equity	\$ 23,632,905	\$ 18,977,223

Quality Mills, Incorporated

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 + \$1 per value.

Statistical Summary

%Income before Taxes to Sales	4.06	—
%Net Income to Sales	2.03	—
%Net Income to Equity	17.35	—
Sales to Inventories	3.58	4.34
Debt to Equity	0.87	2.10
Working Capital	\$2,930,833	\$2,294,163
Current Ratio	1.24	1.25
Shareholders' Equity	\$5,894,744	\$3,718,636

Rapid-American Corporation

888 Seventh Avenue
 New York, New York 10106
 (212) 621-4500

Officers: Meshulam Riklis, chairman of the board, president & chief executive officer; Harold S. Divine, vice chairman of the board; Daniel J. Manella, Charles L. Jarvie, Stephen L. Pistner, Marcia Riklis, exec. v.p.'s; Paul Weiner, sr. v.p.; Andrew Gregor, v.p. & treasurer; Michael J. Magenheim, controller & asst. treasurer; James Pollak, asst. secretary.

Directors: Meshulam Riklis*, chairman; Simona Riklis Ackerman*, Harold S. Divine, Ira Riklis*, Marcia Riklis*, Abraham G. Levin, Leonard C. Lane, Daniel J. Manella, Dan Palmom, Leo D. Stone, Helen H. Updike, Seymour Kleinman, Arie Genger, Charles L. Jarvie, Stephen L. Pistner.

* Member of the Executive Committee.

Business Activities: The Company is engaged through its subsidiary, McCrory Corporation, in retail merchandising, through its subsidiary, Schenley Industries, Inc., in the production, importation, and sale of alcoholic beverages under various brand names, and through its subsidiary, McGregor Corporation, in the manufacture, distribution, and sale of a variety of consumer products and the licensing of several trademarks.

Through its McGregor Corporation subsidiary, the Company manufactures moderate-priced tailored suits and sport coats sold under the "Botany 500", "Coat Tails", "Fashion Park", "Stein Bloch", "Broadstreet's", "Cartier", and "Bert Pulitzer" trademarks and under private labels; manufactures men's, women's and children's athletic shirts, sport shirts, T-shirts and bottoms sold under the "Anvil", "Wonderknight", "Scoreboard", "Billy the Kid", and "Bill Blass" trademarks and under private labels; markets women's dresses under the "Jody", "Diane von Furstenberg", "Allison Peters", and "Samantha Black" labels; manufactures women's nightwear, gowns and robes sold under the "Gilead", "Gillies" and "Amaretta" trademarks and under private labels.

Trademarks and/or Brand Names: Amaretta, Botany 500, Coat Tails, Fashion Park, Stein Bloch, Broadstreet's, Cartier, Bert Pulitzer, Anvil, Wonderknight, Scoreboard, Billy the Kid, Bill Blass, Gilead, Gillies, Jody, Diane von Furstenberg, Allison Peters, Samantha Black, McGregor, Faberge, Brut, Babe.

Subsidiaries:

McCrory Corporation
 Schenley Industries, Inc.
 McGregor Corp.
 Rapid Distribution Service, Inc.
 View Top Corporation
 Schenley Medical Imaging, Inc.

Stock Exchange(s): * New York, Cincinnati, Pacific

* As of January 31, 1981, Rapid-American became a privately held company. The Company's debentures are publicly traded on these exchanges.

Sales and Earnings

	Net Sales + (000's)	Net Income † (000's)
1987	\$ 1,893,500	\$ (20,471)
1986	994,726	95,140
1985	930,065	(8,356)

1984	840,100	56,444
1983	844,200	46,499
	No. of Com. Shares	Earn. per Share ‡
1987	1,461,364	\$ —
1986	1,461,364	—
1985	1,461,364	—
1984	2,435,607	22.84
1983	2,435,607	18.71

(Loss)

+ Of continuing operations only; includes leased department sales.

‡ Including extraordinary gains of \$2,960,000 (\$1.22 per share) in 1984, \$13,834,000 (\$5.68 per share) in 1983 and extraordinary losses of \$4,003,000 in 1986 and \$18,240,000 in 1985.

§ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenue By Line of Business (000's)

	1987	1986
Rec'd merch.:		
McCrory Stores	\$ 1,883,000	\$ 984,000
Gillett	9,000	9,000
Others	1,000	2,000
Total	\$ 1,893,000	\$ 995,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	1.57	—	—
1985	2.60	—	—
1984	0.75	—	—
1983	1.60	—	—

Income Account (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 1,893,500	\$ 994,726
Other income	94,074	210,161
Total Income	\$ 1,987,574	\$ 1,204,887
Cost of sales	1,244,950	656,050
Expenses	562,453	303,937
Depreciation & amortization	45,261	26,903
Interest expense	159,516	152,520
Inc. (loss) bef. taxes	\$ (24,606)	\$ 65,477
Income taxes (credit)	(15,939)	27,026
Inc. (loss)-cont. oper.	\$ (8,667)	\$ 38,451
Inc. (loss)-discont. oper.	(11,804)	50,692
Net Income (Loss)	\$ (20,471)	\$ 89,143
Extraord. loss	—	(4,003)
Net Income (Loss) & extraord. loss	\$ (20,471)	\$ 85,140
Assets (000's)		

As of Jan. 31	1987	1986
Cash	\$ 12,796	\$ 20,722
Marketable securities	1,384	70,020
Accts. receiv., net	61,121	323,517
Inventories	499,235	887,747
Prepaid expenses	23,284	22,218
Assets held for sale to stockholders	—	39,565
Current Assets	\$ 597,820	\$ 1,363,789
Invest. & advances	354,559	19,890
Fixed assets	324,861	428,520
Other assets	376,958	450,058
Total Assets	\$ 1,654,198	\$ 2,262,257

Liabilities (000's)

Long-term debt, curr.	\$ 33,618	\$ 57,958
Cap. lease oblig.	6,651	7,421
Short-term debt	38,070	121,300
Accts. payable	187,040	405,037
Accruals	176,324	297,947
Income taxes	12,553	5,325
Curr. Liabilities	\$ 454,256	\$ 894,988
Long-term debt	925,035	964,885
Cap. lease oblig.	61,326	85,817
Minority interest	14,797	15,104
Deferred inc. taxes	—	95,213
Other liabilities	117,082	96,282
+ Preferred stock	1	1
+ Common stock	24	24
Add. paid-in capital	179,937	169,524
Retained earnings	30,553	80,149
Treasury stock	(110,000)	(110,000)
For. curr. trans. adjust.	(3,847)	(4,920)
Due from stockholders	(14,966)	(24,810)
Total Liabilities & Shareholders' Equity	\$ 1,654,198	\$ 2,262,257

* At LIFO cost.

† Less accumulated depreciation and amortization.

+ \$0.01 per value.

Statistical Summary

%Net Income to Equity	—	77.42
Sales to Inventories	3.79	2.14
Working Capital	\$143,564,000	\$468,801,000
Current Ratio	1.32	1.52
Shareholders' Equity	\$ 81,702,000	\$109,968,000

Raven Industries, Inc.

205 E. 6th Street
 Sioux Falls, South Dakota 57117
 (605) 336-2750

Mailing address:

P.O. Box 1007
 Sioux Falls, South Dakota 57117

Officers: Conrad J. Hoigaard, chairman of the board; David A. Christensen, president & chief executive officer; Gary L. Conrad, v.p.-corp. services; James A. Winkler, v.p.-Applied Technology Div.; Ronald M. Moquist, exec. v.p.; Arnold J. Thue, v.p.-finance, treasurer & secretary.

Directors: John H. Burg, David A. Christensen, Conrad J. Hoigaard, W. Ray Laird, Jr., Robert G. May, John C. Skoglund.

Trademarks and/or Brand Names: Comfy, Comfy Ski, Swing West, Trails West, AFRC, Adver Blimp, Rally, Rufco, Canvex, Gore-Tex.

Plant Location(s): De Smet, Huron, Salem, Parkston, Beresford, Sioux Falls, South Dakota; Albertville, Alabama; St. Louis, Missouri.

Divisions:

Electronic Systems Division

Products include batch weighing, control and inventory systems; turbine helicopter auto-restart units, audio amplifiers, industrial annunciators, turbine engine speed controls, turbine engine test sets, FAA radio beacon monitor alarms, telemetry systems, U.S. Government electronic assemblies, electronic agricultural and industrial products and printed circuit assembly services.

Sportswear Division

Products include the "Swing West" line of ski clothing, "Raven" line of snowmobile suits and general outerwear, "Comfy" down insulated garments, "AFRC" cross country ski clothing, "Gore-Tex" military and hunting clothes, as well as private label garments.

Raytech Corporation

Plastics Division

Products include fiberglass and polyethylene tanks for agricultural, industrial and water conditioning use and custom fabricated fiberglass parts and designs for water and sewage treatment markets, and the construction and machinery markets.

Applied Technology Division

Products and services include plastics, tarpaulins, hot air sports balloons, high altitude research balloons, heavy load lifting balloons, decelerators (parachutes), contract engineering and research, hot air blimps, and AdverBlimps.

Subsidiaries:

Aerostar International, Inc.
BetaRaven, Inc.

Acquisition(s):

Claustite, Inc.
Dunnell, Minnesota

Manufactures fiberglass pickup toppers and utility truck bodies.

Transfer Agent(s):

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Norwest Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: RAV

Sales and Earnings

	Net Sales	Net Income
1987	\$ 52,303,056	\$ 2,121,678
1986	41,899,124	1,610,693
1985	44,581,925	2,608,899
1984	38,983,678	1,956,456
1983	31,211,096	1,089,856
	No. of Com Shares †	Earn. per Share ‡
1987	1,577,857	\$ 1.34
1986	1,562,199	1.02
1985	1,548,039	1.66
1984	1,529,192	1.25
1983	1,508,522	0.73

† Adjusted to reflect stock dividend.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business

	1987	1986
Plastic division	\$ 14,669,000	\$ 7,604,000
Sportswear division	9,172,000	12,373,000
Applied technology division	18,820,000	13,539,000
Electronic systems division	9,642,000	8,383,000
Total	\$ 52,303,000	\$ 41,899,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.042	—	—
1986	0.042	—	—
1985	0.375	—	—
1984	0.32	—	—
1983	0.29	5% & 5%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 17,154,516	\$ 10.87
1986	15,638,863	10.02
1985	14,666,736	9.47
1984	12,591,367	8.23
1983	11,047,825	7.32

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	\$ 52,303,056	\$ 41,899,124
Cost of sales	40,000,445	32,361,004
Expenses	8,052,922	7,019,657
Interest expense	468,771	378,334
Other income	(137,760)	(272,564)
Income before taxes	\$ 3,918,678	\$ 2,412,693
Income taxes	1,797,000	802,000
Net Income	\$ 2,121,678	\$ 1,610,693

* Included in Costs and Expenses, Depreciation: \$1,663,085 in 1987 and \$1,104,071 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	\$ 233,517	\$ 3,815,989
Accts. receiv., net	6,372,802	5,906,338
*Inventories	11,283,858	7,231,087
Prepaid expenses	525,436	978,577
Current Assets	\$ 18,415,613	\$ 17,931,991
†Fixed assets	7,854,868	5,046,986
Other assets	2,576,221	919,675
Total Assets	\$ 28,846,702	\$ 23,898,652

Liabilities

Long-term debt, curr.	\$ 957,472	\$ 635,205
Accts. Payable	2,617,824	1,881,568
Accruals	2,880,977	2,361,079
Customer advances	164,494	299,246
Curr. Liabilities	\$ 6,620,767	\$ 5,177,098
Long-term debt	4,485,419	2,741,691
Deferred income taxes	586,000	321,000
+ Common stock	1,577,857	1,562,199
Add. paid-in capital	2,563,376	2,546,393
Retained earnings	13,013,283	11,550,271
Total Liabilities & Shareholders' Equity	\$ 28,846,702	\$ 23,898,652

* At lower of cost (FIFO) or market.

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.49	5.76
%Net Income to Sales	4.06	3.84
%Net Income to Equity	12.37	10.29
Sales to Inventories	4.64	5.79
Debt to Equity	0.26	0.22
Working Capital	\$11,794,846	\$12,754,893
Current Ratio	2.78	3.46
Shareholders' Equity	\$17,154,516	\$15,638,863

Raytech Corporation

(formerly Raymark Corporation)
(25.0% owned by Echlin, Inc.)

100 Oakview Drive
Trumbull, Connecticut 06611
(203) 372-7544

Officers: Craig R. Smith, president & chief exec. officer;
Albert A. Canosa, v.p., treasurer & chief financial officer;
James J. Ryan, v.p., human resources; LeGrande L. Young,
v.p., secretary & gen. counsel.

Directors: Craig R. Smith, Donald P. Miller, Robert M.
Gordon, Dennis G. Heiner, John S. Ryder, Robert B. Sims, W.
Kenneth Thies.

Business Activities: Manufactures and markets energy absorption and transmission products, fastening systems and custom-engineered materials. These products are utilized in the auto-

motive, farm implement, truck and bus, earthmoving, construction, appliance, hardware, mining, petrochemical, and energy industries.

Plant Locations: Marshville, North Carolina; Stratford, Connecticut; Manheim, Pennsylvania; Crawfordsville, Indiana; Hialeah, Florida; San Juan, Puerto Rico; Radevormwald, West Germany.

Textile Division:

Dry Clutch and Brake Unit

Manufactures and markets molded and woven clutch facings, conventional and non-asbestos yarns and sintered buttons to the domestic and international original equipment and replacement markets of the automotive, truck and bus industries.

Acquisition(s):

Miami Rivet Company

Manufactures and markets specialty rivets used in the furniture, automotive, appliance and electronic industries.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
Chase Manhattan Plaza
New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: RAY

Sales and Earnings

	Net Sales ‡	Net Income †
1986	\$ 113,536,000	\$ 4,688,000
1985	112,419,000	(18,171,000)
1984	129,152,000	(41,931,000)
1983	110,326,000	(11,127,000)
1982	130,071,000	(37,150,000)
	No. of Com. Shares +	Earn. per Share † +
1986	2,955,306	\$ 1.59
1985	2,860,806	—
1984	2,860,806	—
1983	2,758,606	—
1982	2,696,860	—

(Loss)

‡ Of continuing operations only.

† Including extraordinary gain of \$1,662,000 (\$0.56 per share) in 1986.

+ Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	\$ 30	—	—

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 12,419,000	\$ 2.25
1985	8,000,000	1.27
1984	20,000,000	7.00
1983	62,349,000	22.60
1982	71,833,000	26.64

† Based on the average number of shares outstanding.

Income Account *

Year ended	12/28/86	12/29/85
Net sales	\$ 113,536	\$ 112,419
Cost of sales	90,292	103,351
Expenses	16,661	22,765
Income from joint venture	(1,576)	(1,263)
Asbestos rel. exp.	936	1,127
Other expense (income)	(128)	945
Interest expense	2,727	3,237
Income (loss) bef. taxes	\$ 4,624	\$ (17,743)
Income taxes	1,598	428

Raytech Corporation

Net Income (Loss)	\$	3,026	\$	(18,171)
Extraord. gain		1,662		—

Net Income (Loss) & extraord. gain	\$	4,688	\$	(18,171)
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* Included in Costs and Expenses, Depreciation: \$4,762,000 in 1986 and \$5,239,000 in 1985.

As of	12/28/86	12/29/85
Assets		
Cash	\$ 3,749	\$ 2,515
Restricted cash	545	2,559
Accts. receiv., net	15,159	14,952
*Inventories	22,779	22,021
Other	2,893	2,931
Current Assets	\$ 45,125	\$ 44,978
#Fixed assets	31,396	30,965
Invest. in affil.	7,358	4,703
Other assets	2,162	2,878
Total Assets	\$ 86,041	\$ 83,524

Liabilities (000's)		
Long-term debt, curr.	\$ 6,524	\$ 5,233
Accts. payable	5,550	8,039
Accruals	24,848	26,249
Curr. Liabilities	\$ 36,922	\$ 39,521
Long-term debt	17,898	23,316
Other liab.	15,694	17,054
+ Common stock	2,987	35,760
Common stock warrants	3,072	—
Add. paid-in capital	53,447	19,099
Retained earnings (deficit)	(46,256)	(50,944)
Cum. trans. adjust.	2,277	(282)
Total Liabilities & Shareholders' Equity	\$ 86,041	\$ 83,524

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$1 par value in 1986; \$12.50 par value in 1985.

Statistical Summary

%Income before Taxes to Sales	4.07	—
%Net Income to Sales	2.67	—
%Net Income to Equity	19.49	—
Sales to Inventories	4.98	5.11
Working Capital	\$ 8,203,000	\$5,457,000
Current Ratio	1.22	1.14
Shareholders' Equity	\$15,527,000	\$3,633,000

Reebok International Ltd.

150 Royal Street
Canton, Massachusetts 02021
(617) 821-2800

Officers: Paul B. Fireman, chairman, president & chief exec. officer; James E. Barclay, exec. v.p.; Paul R. Duncan, sr. v.p.-finance & chief financial officer; John B. Douglas, III, v.p. & gen. counsel; Sheldon W. Rothman, v.p. & treasurer; Joseph W. Foster, v.p. & pres.-International Division; Douglas R. Arbetman, v.p. & pres.-Apparel Division; Saul Gold, sr. v.p.-corp. communications; D. Keith Johnson, v.p. & controller; Bruce R. Katz, pres.-Rockport Division; Robert Infantino, sr. v.p.-product mgmt., Rockport Division; Kenneth A. Snyder, sr. v.p.-sales, Rockport Division; Steven T. Liggert, sr. v.p.-design, development & production-Footwear Division; Robert Meers, sr. v.p.-sales & marketing, Footwear Division.

Directors: Paul B. Fireman, chairman; Frank A. Farrant, William M. Marcus, Geoffrey Nunes, John A. Quelch, R. Stephen Rubin, Linda J. Wachner.

Business Activities: Designs, develops and markets athletic footwear, casual and dress comfort shoes, walking shoes, and sportswear and accessories.

Trademarks and/or Brand Names: Reebok, Weebok, Rockport, RocSports, SuperSports, DresSports, ProWalker.

Divisions:

Footwear Division
Apparel Division
Canton, Massachusetts

Rockport Division
Marlboro, Massachusetts

International Division
Bolton, England

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, MA 02110

Stock Exchange(s): New York

Ticker Symbol: RBK

	Sales	Earnings	Net Income †
	Net Sales		
1986	\$ 919,401,000	\$ 132,134,000	
1985	306,969,000	38,962,000	
1984	66,022,000	6,145,000	
1983	12,815,000	667,000	
1982	3,508,000	242,000	
	No. of Com. Shares ‡		Earn. per Share ‡‡
1986	51,892,000	\$ 2.55	
1985	42,948,000	0.91	
1984	38,853,000	0.16	
1983	37,665,000	0.02	
1982	37,665,000	0.01	

† Including extraordinary gains of \$31,000 in 1983 and \$117,000 in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business (Footwear) (000's)

	1986	1985
Aerobic	\$ 294,300	\$ 130,400
Tennis	174,700	88,400
Fitness	139,600	50,000
Children's	81,100	12,800
Basketball	72,000	7,000
Running	66,400	16,200
Other	12,900	700
Total	\$ 841,000	\$ 299,200

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 297,601,000	\$ 5.74
1985	88,735,000	2.07
1984	6,832,000	0.18
1983	771,000	0.02
1982	103,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account * (000's)

	1986	1985
Year ended Dec. 31		
Net sales	\$ 919,401	\$ 306,969
Other income	4,472	1,834
Total income	\$ 923,873	\$ 308,803

Cost of sales	\$21,978	176,462
Selling expenses	83,294	31,846
Gen. & adm. expenses	56,750	21,631
Interest expense	694	755

Income before taxes	\$ 261,157	\$ 78,109
Income taxes	129,023	39,147
Net Income	\$ 132,134	\$ 38,962

* Included in Costs and Expenses, Depreciation and Amortization: \$1,159,000 in 1986 and \$515,000 in 1985.

As of Dec. 31	1986	1985
Assets (000's)		
Cash	\$ 66,077	\$ 7,974
Accts. receiv., net	120,075	73,737
Deferred inc. taxes	5,589	—
*Inventories	122,522	62,788
Prepaid expenses	2,324	278

Current Assets	\$ 316,587	\$ 144,777
#Fixed assets	19,218	3,313
Other assets	115	115
Intangibles	102,956	543
Restricted cash	1,504	—
Total Assets	\$ 440,380	\$ 148,748

Liabilities (000's)		
Notes payable	\$ 22,111	\$ —
Long-term debt, curr.	24	23
Interest-bearing accts. pay.	16,486	26,139
Accts. payable & accruals	67,865	14,382
Income taxes	34,384	18,342

Curr. Liabilities	\$ 140,870	\$ 58,886
Cap. lease oblig.	664	687
Deferred inc. taxes	1,245	440
+ Common stock	528	160
Add. paid-in capital	119,433	43,462
Retained earnings	177,844	45,710
Unearned comp.	(1,650)	(1,099)
For. curr. trans. adjust.	1,446	502

Total Liabilities & Shareholders' Equity	\$ 440,380	\$ 148,748
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	28.41	25.45
%Net Income to Sales	14.37	12.69
%Net Income to Equity	44.40	43.91
Sales to Inventories	7.50	4.89
Debt to Equity	0.08	0.01
Working Capital	\$175,717,000	\$85,891,000
Current Ratio	2.25	2.46
Shareholders' Equity	\$297,601,000	\$88,735,000

Ruddick Corporation

2000 First Union Plaza
Charlotte, North Carolina 28282
(704) 372-5404

Officers: R. Stuart Dickson, chairman of the board; Alan T. Dickson, president; Richard N. Bridgen, vice president-finance; Herman B. McManaway, v.p.; John L. Channon, treasurer; D.B. Williford, asst. treasurer & secretary; James O. Stephens, asst. secretary; Mickey F. Frye, asst. treasurer.

Directors: R. Stuart Dickson, chairman, Alan T. Dickson, Thomas M. Belk, Hugh L. McColl, Jr., James E. S. Hynes, Rodley Dowd, Jord H. Jordan, Jr., John C. Hutchens, E.C. Wall, Jr.

Business Activities: A holding company, operating through its subsidiaries in the production of sales yarns and industrial sewing threads (American & Efrid Mills), production of business forms (Jordan Graphics, Inc.), management of supermarkets in four southeastern states (Harris-Totter Super Markets, Inc.), and investment of venture capital (Ruddick Investment Company).

Subsidiaries:

American & Efrid Mills, Inc.
Mount Holly, North Carolina
(704) 827-4311

Primarily a manufacturer of industrial sewing thread. In addition, produces yarn made from both natural and synthetic fibers. A&E operates 10 plants in North Carolina.

Harris-Totter Super Markets, Inc.
P.O. Box 33129
Charlotte, North Carolina 28233
(704) 567-3000

Operates 112 supermarkets in North and South Carolina, Tennessee and Virginia.

Jordan Graphics, Inc.
P.O. Box 668306
Charlotte, North Carolina 28266
(704) 394-2121

Produces and distributes a broad line of business forms and pressure sensitive labels.

Ruddick Investment Company (RIC)
2000 First Union Plaza
Charlotte, North Carolina 28282
(704) 372-5404

Venture capital investments.

Transfer Agent(s):

Wachovia Bank & Trust Co., N.A.
Winston-Salem, North Carolina

Stock Exchange(s): American

Ticker Symbol: RDK

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 883,641,000	\$ 13,425,000
1985	881,841,000	12,559,000
1984	730,060,000	13,221,000
1983	541,327,000	10,605,000
1982	521,759,000	9,113,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,596,279	\$ 1.40
1985	9,645,114	1.30
1984	8,845,114	1.49
1983	8,045,114	1.32
1982	8,045,114	1.13

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
American & Efrid Mills	\$ 108,268	\$ 99,492
Harris-Totter Super Markets	731,639	741,727
Jordan Graphics, Inc.	43,734	40,622
Total	\$ 883,641	\$ 881,841

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.42	—	2-for-1
1985	0.38	—	—
1984	0.43	—	—
1983	0.38	—	—
1982	0.34	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share ‡
1986	\$ 117,597,000	\$ 12.25
1985	108,165,000	11.21

1984	99,277,000	11.22
1983	75,881,000	9.43
1982	67,618,000	8.40

‡ After allowing for preference stock at par values.

§ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	9/28/86	9/29/85
Net sales	\$ 883,641,000	\$ 881,841,000
Cost of sales	696,067,000	699,109,000
Expenses	161,839,000	155,985,000
Interest expense	4,247,000	4,446,000
Earn. of unconsol. subsid.	(2,834,000)	(1,363,000)
Other expense	2,043,000	1,637,000
Income before taxes	\$ 22,279,000	\$ 22,027,000
Income taxes	8,854,000	9,468,000
Net Income	\$ 13,425,000	\$ 12,559,000

* Included in Costs and Expenses, Depreciation: \$16,200,000 in 1986 and \$14,230,000 in 1985.

Assets

As of	9/28/86	9/29/85
Cash	\$ 13,310,000	\$ 5,308,000
Accts. receiv., net	26,364,000	24,300,000
*Inventories	73,027,000	68,502,000
Other assets	4,035,000	3,013,000
Current Assets	\$ 116,736,000	\$ 101,123,000
Fixed assets	126,278,000	120,970,000
Investments & other assets	20,765,000	15,637,000
Total Assets	\$ 263,779,000	\$ 237,730,000

Liabilities

Long-term debt, curr. Oblig. under capital lease	\$ 5,178,000	\$ 5,231,000
Accts. payable	452,000	790,000
Income taxes	48,224,000	39,082,000
Accruals	2,512,000	1,257,000
	18,349,000	17,861,000
Curr. Liabilities	\$ 74,715,000	\$ 64,221,000
Long-term debt	44,334,000	41,481,000
Oblig. under capital lease	2,971,000	3,396,000
Deferred inc. taxes	23,023,000	18,590,000
+ Preference stock	1,139,000	1,877,000
+ + Common stock	9,190,000	4,447,000
Add. paid-in capital	14,086,000	18,073,000
Retained earnings	95,106,000	85,645,000
Treasury stock	(785,000)	—
Total Liabilities & Shareholders' Equity	\$ 263,779,000	\$ 237,730,000

* At lower of cost (LIFO & FIFO) or market.

§ Less accumulated depreciation.

+ \$5 par value.

+ + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.52	2.50
%Net Income to Sales	1.52	1.42
%Net Income to Equity	11.31	11.41
Sales to Inventories	12.10	12.87
Debt to Equity	0.42	0.46
Working Capital	\$ 42,021,000	\$ 36,902,000
Current Ratio	1.56	1.57
Shareholders' Equity	\$118,736,000	\$110,042,000

Russ Togs, Inc.

1411 Broadway
New York, New York 10018
(212) 354-0700

Officers: Eli L. Rouso, president; Irving L. Rouso, Herman Saporta, exec. v.p.'s; Charles deVie, v.p.; Mortimer F. Zimmerman, v.p. & treasurer; Louis Shantzer, controller & secretary; Richard J. Lewis, asst. controller.

Directors: H. Emanuel Klimpf*, Harvey Rosensweig, Eli L. Rouso*, Irving L. Rouso*, Robert S. Rubin, Herman Saporta*, George Schor, Anthony F. Scarpa, Alan P. Sussman.

* Member of the Executive Committee.

Business Activities: Manufactures moderately priced sportswear and dresswear for women and girls, in regular, petite and large sizes.

Trademarks and/or Brand Names: Russ, Russ Girl, Crazy Horse, Vicky Vaughn, Toni Todd, Lady Laura, Russ Teen, Sutton, Bud Berma, Russ Petites, Russi, Crazy Horse Pre-Teen, Ms. Russ, Crazy Horse Girl, Ashley Reid, Kelli Kaye, Russ Studio, Now Attitude, Dispatch, J.T. Austin, Jonathan Hill.

Plant Location(s): Long Island City, N.Y.; Aurora, Mattoon, Mt. Carmel, Ill.; Clinton, Ia.; Paterson, N.J.; Hazleton, Pa.; Albany, Burkesville, Jamestown, Ky.; Byrdstown, Livingston, Sparta, Tenn.

Divisions and Subsidiaries:

Russ Division

1411 Broadway

New York, New York 10018

Manufactures, designs and markets sportswear separates and coordinates for misses under the brand names of "Russ," "Russ Petites," "Ms. Russ," and "Russ Studio."

Russ Girl Division

1411 Broadway

New York, New York 10018

Manufactures children's sportswear for the 6 through 15 age group, under the brand name "Russ Girl," "Russi," and "Russ Teen."

R. & M. Kaufmann Division

1061 E. Mountain Street

Aurora, Illinois 60507

A dresswear manufacturer whose brand names include "Vicky Vaughn" for juniors, "Toni Todd" for misses, "Kelli Kaye" and "Lady Laura" in half sizes.

Sutton Shirt Companies

350 Fifth Avenue

New York, New York

(212) 279-4815

Manufactures popularly priced men's and boys' woven and knit dress shirts, sport shirts and sweaters, under Sutton, Bud Berma, and under licenses to Rawlings and Brut.

Crazy Horse Division

525 7th Avenue

New York, New York 10018

Manufactures and imports contemporary sportswear for the junior or young miss under the brand name "Crazy Horse," and for girls under the names "Crazy Horse Girl," and "Crazy Horse Teen."

New Attitude

1411 Broadway

New York, New York 10018

Russ Financial Division

Transfer Agent(s):

Manufacturers Hanover Trust Company

4 New York Plaza

New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: RTS

Sales and Earnings

	Net Sales ‡	Net Income
1987	\$ 274,332,000	\$ 13,819,000
1986	276,815,000	10,986,000
1985	273,524,000	11,113,000
1984	250,805,000	12,114,000
1983	226,108,000	10,062,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,041,000	\$ 2.68
1986	5,126,000	2.07

Russ Togs, Inc.

1985	5,121,000	2.09
1984	5,121,000	2.29
1983	5,121,000	1.89

‡ Of continuing operations.

§ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

	Common Stock		
	Cash Dividend†	Stock Dividend	Stock Split
1987	\$0.76	—	—
1986	0.76	—	—
1985	0.76	—	—
1984	0.73½	—	3-for-2
1983	0.66½	—	—

	Common Stock Equity	
	Total Equity ‡	Equity Per Share †
1987	\$ 95,521,000	\$ 19.01
1986	85,930,000	17.09
1985	81,250,000	15.86
1984	74,355,000	14.52
1983	66,435,000	12.97

‡ After allowing for preferred stock at liquidation preference value of \$40 per share.

† Adjusted to reflect stock split.

Year ended	Income Account *	
	1/31/87	2/1/86
Net sales	\$ 274,332,000	\$ 276,815,000
Other income	2,998,000	3,117,000
Total income	\$ 277,330,000	\$ 279,932,000
Cost of sales	197,714,000	203,977,000
Expenses	51,819,000	49,420,000
Interest expense	1,209,000	1,448,000
Income before taxes	\$ 26,588,000	\$ 25,087,000
Income taxes	12,769,000	12,059,000
Inc. - cont. oper.	\$ 13,819,000	\$ 13,028,000
Loss - discont. oper.	—	(2,042,000)
Net income	\$ 13,819,000	\$ 10,986,000

* Included in Cost and Expenses, Depreciation and Amortization: \$1,870,000 in 1986 and \$1,938,000 in 1985.

As of	Assets	
	1/31/87	2/1/86
Cash	\$ 9,520,000	\$ 13,529,000
Marketable securities	7,027,000	4,769,000
Accts. receiv., net	40,476,000	41,618,000
Inventories	65,489,000	59,186,000
Prepaid expenses & other assets	9,819,000	5,790,000
Current Assets	\$ 132,331,000	\$ 124,892,000
Fixed assets	12,945,000	12,720,000
Other assets	3,731,000	3,647,000
Total Assets	\$ 149,007,000	\$ 141,259,000

	Liabilities	
	1/31/87	2/1/86
Long-term debt, curr. payable	\$ 64,000	\$ 780,000
Bankers acceptances	11,832,000	9,352,000
Accts. payable	10,358,000	12,218,000
Accruals	18,760,000	18,594,000
Income taxes	3,187,000	3,655,000
Current Liabilities	\$ 44,201,000	\$ 44,599,000
Long-term debt	1,616,000	1,613,000
Deferred inc. taxes	1,500,000	1,512,000
+ Preferred stock	201,000	248,000
+ Common stock	5,200,000	5,153,000
Add. paid-in capital	1,242,000	1,242,000
Retained earnings	99,473,000	89,806,000
Treasury stock	(4,426,000)	(2,914,000)
Total Liabilities & Shareholders' Equity	\$ 149,007,000	\$ 141,259,000

* At lower of cost (FIFO) or market which represents net realizable value.

† Less accumulated depreciation and amortization.

‡ \$1 par value; Series \$1.90.

+ + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.69	—
%Net Income to Sales	5.04	—
%Net Income to Equity	13.59	11.75
Sales to Inventories	4.19	4.68
Debt to Equity	0.13	0.13
Working Capital	\$ 88,130,000	\$80,293,000
Current Ratio	2.99	2.80
Shareholders' Equity	\$101,690,000	\$93,535,000

Russell Corporation

P.O. Box 272
Alexander City, Alabama 35010
(205) 234-4251

Officers: Eugene C. Gwaltney, chairman of the board & chief exec. officer; Dwight L. Carlisle, Jr., pres. & chief operating officer; Finis Morgan, exec. v.p.-finance; H. Scott Howell, exec. v.p.-apparel group; William P. Dickson, Jr., v.p.-personnel & industrial relations; James D. Nabors, secretary & controller; James D. Peoples, v.p.-services; J. Franklin Foy, v.p.-dyeing & finishing; Gerald D. McGill, v.p.-Greige fabric manufacturing; John C. Adams, president-knit apparel division; Frank K. Hall, Jr., president-athletic division; Donald F. Logan, v.p.-sales & marketing, fabrics division; J.T. Taunton, v.p.-operations, fabrics division; Marvin Seals, III, v.p.-apparel marketing; Ward Wilson, v.p.-apparel merchandising; Henry C. Willis, v.p.-apparel.

Directors: Frank K. Hall, Jr., Dwight L. Carlisle, Jr., H. Scott Howell, Emil Hess, Eugene C. Gwaltney*, Glenn Ireland, II, Finis Morgan*, Crawford T. Johnson, III, Benjamin Russell, John Russell Thomas, T. Harvey Mathis, Herschel M. Bloom.

* Member of the Executive Committee.

Business Activities: Engaged in the manufacture of athletic clothing, with a range of uniforms for people of all ages and for all major sports; produces basic knit leisurewear and a line of knit and woven fabrics.

Trademarks and/or Brand Names: Russell Athletic, Jerseys.

Plant Location(s): Alexander City, Sylacauga, Dadeville, LaFayette, Montgomery, Ashland, Hanover, Alabama; Crestview, Milton, Marianna, Florida; Cumming, Habersham, Georgia.

Divisions:

Athletic Division
Designs and markets high quality athletic team uniforms.

Knit Apparel Division

Designs and markets a wide variety of apparel, including styled fleeced sportswear, such as shirts, pullovers and jackets, lightweight sportswear for men, women, and boys, and thermal underwear.

Fabrics Division

Designs and markets quality woven fabrics of cotton and blends of cotton and man-made fibers in a wide variety of patterns, colors and constructions for sale primarily to manufacturers of men's, women's and children's lightweight apparel, and for the home sewing market.

Subsidiaries:

Habersham Mills
Habersham, Georgia 30544

Russello, S.A.
Costa Rica

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10001

First Alabama Bank of Montgomery, N.A.
Commerce Street
Montgomery, Alabama 36104

Stock Exchange(s): New York, Pacific

Ticker Symbol: RML

Sales and Earnings

	Net Sales	Net Income
1986	\$ 437,519,990	\$ 43,282,046
1985*	385,432,731	29,612,221
1984	353,024,665	27,912,768
1983	318,692,726	26,679,661
1982	275,319,222	21,191,071

	No. of Com. Shares #	Earn. per Share +
1986	39,214,000	\$ 1.08
1985*	39,573,000	0.74
1984	39,476,000	0.70
1983	39,336,000	0.67
1982	37,350,000	0.56

* 53 weeks.

+ Based on the average number of shares outstanding adjusted to reflect stock splits.

Adjusted to reflect stock splits.

	Common Stock		
	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.16	—	2-for-1
1985	0.15	—	—
1984	0.15	—	—
1983	0.141	—	8-for-5
1982	0.128	—	—

+ Adjusted to reflect stock splits.

	Common Stock Equity	
	Total Equity	Equity Per Share ‡
1986	\$ 248,347,302	\$ 6.33
1985	219,733,070	5.55
1984	195,909,591	4.96
1983	173,303,215	4.41
1982	140,005,423	3.75

‡ Adjusted to reflect stock splits.

Year ended	Income Account *	
	1/3/87	1/4/86
Net sales	\$ 437,519,990	\$ 385,432,731
Cost of sales	284,965,045	268,806,152
Expense	68,353,931	61,237,721
Interest expense	4,050,456	3,800,947
Other income	(231,488)	(363,310)
Income before taxes	\$ 80,382,046	\$ 51,951,221
Income taxes	37,100,000	22,339,000
Net income	\$ 43,282,046	\$ 29,612,221

* Included in Costs and Expenses, Depreciation and Amortization: \$22,849,990 in 1986 and \$19,954,856 in 1985.

As of	Assets	
	1/3/87	1/4/86
Cash	\$ 1,458,707	\$ 954,670
Temporary investments	32,582,013	32,527,064
Accts. receiv., net	76,624,577	69,014,424
Inventories	68,981,374	63,457,312
Prepaid expenses	703,471	659,933
Current Assets	\$ 180,350,142	\$ 166,613,403
Fixed assets	168,910,303	154,205,702
Other assets	1,781,027	1,341,612
Total Assets	\$ 351,041,472	\$ 322,160,717

Salem Carpet Mills, Inc.

Liabilities		
Long-term debt, curr.	\$ 3,805,353	\$ 3,902,544
Accts. payable & accruals	24,047,240	23,496,588
Income taxes	4,309,755	3,674,503
Curr. Liabilities	\$ 32,162,348	\$ 31,073,635
Long-term debt	38,043,081	41,848,779
Deferred income	1,028,570	1,223,950
Deferred inc. taxes	31,460,171	28,281,283
+ Common stock	401,016	200,508
Add. paid-in capital	26,830,242	26,355,169
Retained earnings	231,437,780	194,489,533
Treasury stock	(10,321,736)	(1,312,140)
Total Liabilities & Shareholders' Equity	\$ 351,041,472	\$ 322,160,717

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	18.37	13.48
%Net Income to Sales	9.89	7.68
%Net Income to Equity	17.43	13.48
Sales to Inventories	6.34	6.07
Debt to Equity	0.15	0.21
Working Capital	\$148,187,794	\$135,539,768
Current Ratio	5.61	5.36
Shareholders' Equity	\$248,347,302	\$219,733,070

Salant Corporation

(Operating under Chapter 11 of the United States Bankruptcy Code)

1290 Avenue of the Americas
New York, New York 10104
(212) 603-1600

Officers: John S. Rodgers, chairman of the board, secretary & general counsel; Ray W. Williams, president & chief executive officer; Martin F. Tynan, v.p.-finance, treasurer & controller.

Directors: John S. Rodgers*, chairman; Walter J. Fried, John W. Mettler, III, Robert S. Ruwitch, Marvin Schiller.

* Member of the Executive Committee.

Business Activities: Engaged in the design, manufacture and sale of apparel for men, boys, girls and children. Its principal products are slacks, jeans and outerwear, such as ski jackets and parkas, suits and sport jackets, children's pajamas, shirts and utility wear.

Trademarks and/or Brand Names: Thomson, J.R. Tipton, SporThomson, TACO, Timber King, Funny Girl, Strawberry Shortcake, Care Bears, The Get Along Gang, Princeton.

Plant Locations: Trumann, Arkansas; Gibson, Harlem, Martinez, Millen, Thomson, Georgia; Vivian, Louisiana; Lexington (2), Obion, Somerville (2), Tennessee; Carrizo Springs, Del Rio, Eagle Pass, Texas; Hanover & Toronto, Ontario, Canada; Coshuila (2), Mexico.

Divisions and Subsidiaries:

Obion Company
1333 Broadway
New York, New York 10018

Monarch Clothing Company
1290 Avenue of the Americas
New York, New York 10104

Salant Canada Limited
2301 Keele Street
Toronto, Canada M6M 3Z9

Texas Apparel Company
4150 Pinnacle Street
El Paso, Texas 79902

Thomson Company
1290 Avenue of the Americas
New York, New York 10104

Carrizo Manufacturing Co., S.A. de C.V.
Mexico

Clantexport Inc.

New York

Distributes a process used to produce a permanent crease in cotton, wool and blended apparel.

Transfer Agent(s):

The Chase Manhattan Bank

1 New York Plaza

New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: SLT

Sales and Earnings		
	Net Sales +	Net Income
1985	\$ 144,466,000	\$ (8,084,000)
1984	198,771,000	(21,240,000)
1983*	174,830,000	1,147,000
1982	205,867,000	4,547,000
1981	210,939,000	(6,508,000)
	No. of Com. Shares	Earn. per Share ‡
1985	3,308,779	\$ —
1984	3,308,779	—
1983*	3,263,579	0.35
1982	3,244,079	1.40
1981	3,218,879	—

(Loss)

* 53 weeks.

+ Of continuing operations only.

‡ Based on the weighted average number of shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1985	\$ —	—	—
1984	0.30	—	—
1983	0.40	—	—
1982	0.30	—	—
1981	0.30	—	—

Common Stock Equity		
	Total Equity	Equity Per Share
1985	\$ 16,972,000	\$ 5.13
1984	24,993,000	7.55
1983	47,209,000	14.47
1982	47,206,000	14.55
1981	43,549,000	13.53

Income Account *		
Year ended	11/30/85	12/1/84
Net sales	\$ 144,466,000	\$ 198,771,000
Cost of sales	119,018,000	169,459,000
Expenses	23,305,000	34,003,000
Interest expense	1,608,000	5,227,000
Prov. for plant clos.	6,600,000	11,431,000
Priority adm. exp.	1,907,000	—
Loss before taxes	\$ (7,972,000)	\$ (21,349,000)
Income taxes (credit)	112,000	(2,350,000)
Loss - cont. oper.	\$ (8,084,000)	\$ (18,999,000)
Loss - discont. oper.	—	(2,241,000)
Net Loss	\$ (8,084,000)	\$ (21,240,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,853,000 in 1985 and \$2,188,000 in 1984.

Assets		
As of	11/30/85	12/1/84
Cash & short-term invest.	\$ 18,341,000	\$ 3,042,000
Accts. receiv., net	22,262,000	32,154,000

*Inventories	34,684,000	46,602,000
Prepaid expenses & other assets	1,474,000	1,024,000
Inc. tax ref. rec.	—	2,450,000
Collateralized assets	2,220,000	7,381,000

Current Assets	\$ 78,981,000	\$ 92,653,000
#Fixed assets	14,083,000	17,564,000
Other assets	56,000	222,000
Total Assets	\$ 93,120,000	\$ 110,439,000

Liabilities		
Notes payable	\$ 214,000	\$ 11,279,000
Long-term debt, curr.	—	3,103,000
Accts. payable	1,389,000	20,436,000
Accruals	6,502,000	10,349,000
Other taxes	658,000	940,000
Reserv. for plant clos.	1,170,000	4,961,000
Liab. def. - Chap. XI	818,000	—
Collateralized notes pay.	—	6,604,000

Curr. Liabilities	\$ 10,751,000	\$ 57,672,000
Long-term debt	—	21,261,000
Deferred liab.	189,000	6,513,000
Liab. def. - Chap. XI	65,208,000	—
+ Common stock	3,309,000	3,309,000
Add. paid-in capital	13,308,000	13,149,000
Retained earnings	726,000	8,810,000
Curr. trans. adjust.	(371,000)	(275,000)

Total Liabilities & Shareholders' Equity	\$ 93,120,000	\$ 110,439,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary		
Sales to Inventories	4.17	4.27
Debt to Equity	0.01	1.43
Working Capital	\$68,230,000	\$34,981,000
Current Ratio	7.35	1.61
Shareholders' Equity	\$16,972,000	\$24,993,000

Salem Carpet Mills, Inc.

NCNB Plaza, Suite 1100
Winston-Salem, North Carolina 27101
(919) 727-1200

Officers: W. Douglas Foster, chairman & chief executive officer; Douglas A. Cummins, president & chief operating officer; E.A. Myers, Jr., sr. v.p.-Eastern Division; J. Terris Hagan, sr. v.p.; John C. Logue, sr. v.p.-marketing; Floyd W. Kyzer, v.p.-Western Division; Thomas F. Lanier, sr. v.p., chief financial officer & secretary; Jack Haselwander, sr. v.p.-manufacturing; Ollie F. McDaniel, v.p.-product development; Reid D. Lookabill, corporate controller; Taylor M. Moore, v.p.-administration; Lane R. Walsh, v.p.-Southwest Division; Richard Jensen, v.p.-Midwest Division; William E. Stephenson, v.p.-manufacturing; Ernest E. Ferrell, Jr., dir. of credit & asst. treasurer; Kim R. Holm, v.p.-marketing; Timothy O. Toole, v.p.-national accounts; Jack W. Hatcher, v.p.-human resources; Charles W. Wood, v.p.-merchandising.

Directors: W. Douglas Foster, A.O. Foster, W.N. Hailey, James S. Dockery, Jr., Douglas A. Cummins, Thomas F. Lanier, Richard R. Allen, Charles A. Tucker.

Business Activities: Engaged in the manufacture and sale of tufted carpet. The products are marketed through Salem Carpet Mills, Inc., Winston Carpet Corporation and Majestic Carpet Mills.

Trademarks and/or Brand Names: Salem, Winston, Majestic, Colour Star, Starscape.

Plant Locations: Ringgold, Dalton, Chickamauga, Lafayette, Ga.; South Pittsburg, Tenn.; Trenton, S.C.

Divisions:

Majestic Carpet Mills
P.O. Box 220
Ringgold, Georgia 30736
(404) 935-2241

Salem Carpet Mills, Inc.

Winston Carpet Corporation
P.O. Box 220
Ringgold, Georgia 30736
(404) 935-2241

Ashley Carpet Division
P.O. Box 220
Ringgold, Georgia 30736
(800) 223-9995

Transfer Agent(s):
Dominion Trust Company
P.O. Box 13327
Roanoke, Virginia 24040

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SLCR (NASDAQ)

	Sales and Earnings	
	Net Sales	Net Income
1986	\$ 325,396,000	\$ 7,468,000
1985	276,381,000	5,915,000
1984	259,688,000	3,868,000
1983	250,756,000	4,312,000
1982	206,513,000	975,000

	No. of Com. Shares	Earn. per Share +
1986	8,005,037	\$ 0.94
1985	7,923,199	0.75
1984	7,854,175	0.49
1983	7,829,175	0.59
1982	7,172,432	0.14

+ Based on the average number of shares outstanding.

	Common Stock Equity	
	Total Equity	Equity Per Share
1986	\$ 47,363,000	\$ 5.92
1985	39,702,000	5.01
1984	33,622,000	4.28
1983	29,684,000	3.79
1982	21,727,000	3.03

Year ended	Income Account	
	12/27/86	12/28/85
Net sales	\$ 325,396,000	\$ 276,381,000
Cost of sales	259,560,000	217,170,000
Expenses	41,037,000	39,449,000
Depreciation & amortization	4,769,000	3,780,000
Interest expense	5,950,000	5,941,000
Income before taxes	\$ 14,080,000	\$ 10,041,000
Income taxes	6,612,000	4,126,000
Net Income	\$ 7,468,000	\$ 5,915,000

As of	Assets	
	12/27/86	12/28/85
Cash	\$ 877,000	\$ 75,000
Accts. receiv., net	14,009,000	14,125,000
*Inventories	48,711,000	40,328,000
Prepaid expenses	976,000	1,254,000
Deferred inc. taxes	1,110,000	1,021,000
Curr. Assets	\$ 65,683,000	\$ 56,803,000
#Fixed assets	32,944,000	27,501,000
Other assets	599,000	915,000
Total Assets	\$ 99,226,000	\$ 85,219,000

	Liabilities	
	12/27/86	12/28/85
Long-term debt, curr.	\$ 2,279,000	\$ 2,408,000
Accts. payable	21,502,000	22,711,000
Accruals	3,101,000	2,965,000
Accrued payroll	2,438,000	2,061,000
Reserve for losses on factored accts. rev.	1,166,000	1,285,000
Inc. taxes payable	1,438,000	971,000
Curr. Liabilities	\$ 31,924,000	\$ 32,401,000

Long-term debt	17,720,000	11,225,000
Deferred inc. taxes	2,219,000	1,891,000
+ Common stock	8,005,000	7,923,000
Add. paid-in capital	3,240,000	3,129,000
Retained earnings	36,118,000	28,650,000

Total Liabilities & Shareholders' Equity	\$ 99,226,000	\$ 85,219,000
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* At lower of cost (LIFO or FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	4.33	3.63
%Net Income to Sales	2.30	2.14
%Net Income to Equity	15.77	14.90
Sales to Inventories	6.68	6.85
Debt to Equity	0.42	0.34
Working Capital	\$33,759,000	\$24,402,000
Current Ratio	2.06	1.75
Shareholders' Equity	\$47,363,000	\$39,702,000

Sanmark-Stardust Inc.

145 Madison Avenue
New York, New York 10016
(212) 684-3400

Officers: Mark M. David, chairman of the board, chief executive officer & president; Saul Pomerantz, v.p., secretary & principal finance officer; Helen Samuels, treasurer; Gil Holtz, dir.-marketing; Clay Medley, v.p.-manufacturing.

Directors: Mark M. David, chairman; Harold B. Pomerantz, Saul Pomerantz, John J. Ross, Helen Samuels.

Business Activities: Engaged in the design, manufacture and sale of a diversified line of women's popular priced sleepwear, daywear, leisurewear and robes. Products include pajamas, nightgowns, babydolls, night shirts, dusters, shifts, sundresses, rompers, short sets, beachwear, peignoir ensembles, robes, leisurewear and panties.

Trademarks and/or Brand Names: Pam Undies, PLAY-MATE, Anne Leslie, Stardust, Intimates, Diane Von Furstenberg, Big Beautiful Woman (BBW), Nancy, Cathy, Sluggo.

Plant Location(s): Cresson, Petersburg, Pennsylvania; Hazlehurst, Glennville, Claxton, Georgia; Lebanon, Virginia.

Divisions and Subsidiaries:
Anne Leslie Division
Manufactures and distributes robes.

Claxton Manufacturing Company Inc.
183 Madison Avenue
New York, New York
Manufactures and distributes ladies' panties under the trademark "Pam Undies."

Petersburg Manufacturing Corp.
Petersburg, Pennsylvania

Schnur & Cahan
Manufactures ladies' daywear.

Transfer Agent(s):
Harris Trust New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: SMK

	Sales and Earnings	
	Net Sales	Net Income †
1986	\$ 59,504,000	\$ 2,771,000
1985	52,029,742	2,716,210
1984	43,464,358	2,248,949

1983	32,161,700	2,197,150
1982	27,813,025	2,745,204
	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,715,000	\$ 0.41
1985	8,276,000	0.33
1984	8,227,000	0.27
1983	8,186,000	0.27
1982	8,196,000	0.33

† Including extraordinary gains of \$407,500 (\$0.05 per share) in 1983, and \$1,264,300 (\$0.16 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

	Common Stock		
	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	4-for-3
1985	—	10%	—
1984	—	10%	—

	Common Stock Equity	
	Total Equity	Equity Per Share ‡
1986	\$ 8,768,000	\$ 1.31
1985	17,252,467	2.08
1984	14,536,257	1.77
1983	11,922,933	1.46
1982	9,743,273	1.19

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock split.

Year ended June 30	Income Account *	
	1986	1985
Net sales	\$ 59,504,000	\$ 52,029,742
Cost of sales	42,650,000	37,982,581
Expenses	9,707,000	8,057,203
Interest expense	1,132,000	925,823
Interest expense - purch. of treas. stock	676,000	—
Income before taxes	\$ 5,339,000	\$ 5,064,135
Income taxes	2,568,000	2,347,925
Net Income	\$ 2,771,000	\$ 2,716,210

* Included in Costs and Expenses, Depreciation and Amortization: \$861,000 in 1986 and \$641,863 in 1985.

As of June 30	Assets	
	1986	1985
Cash	\$ 956,000	\$ 634,760
Cash-construct. fund	—	1,000,000
Accts. receiv., net	6,966,000	7,031,258
*Inventories	23,701,000	19,651,489
Prepaid expenses	428,000	570,895
Current Assets	\$ 32,051,000	\$ 28,888,402
#Fixed assets	8,146,000	7,676,670
Other assets	568,000	231,398
Total Assets	\$ 40,765,000	\$ 36,796,470

	Liabilities	
	1986	1985
Notes payable	\$ 5,024,000	\$ 5,015,731
Long-term debt, curr.	2,833,000	843,196
Accts. payable	7,631,000	5,274,676
Accruals	1,203,000	1,336,369
Emp. stock owner. plan	712,000	414,489
Income taxes	—	178,259
Curr. Liabilities	\$ 17,403,000	\$ 13,062,720
Long-term debt	14,061,000	6,053,214
Deferred inc. taxes	533,000	428,069
+ Common stock	84,000	62,071
Add. paid-in capital	7,472,000	7,384,445

Retained earnings	12,594,000	9,823,441
Treasury stock	(11,382,000)	(17,490)
Total Liabilities & Shareholders' Equity	\$ 40,765,000	\$ 36,796,470

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation.
 + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.97	9.73
%Net Income to Sales	4.66	5.22
%Net Income to Equity	31.60	15.74
Sales to Inventories	2.51	2.65
Debt to Equity	1.60	0.69
Working Capital	\$14,648,000	\$15,825,682
Current Ratio	1.84	2.21
Shareholders' Equity	\$ 8,768,000	\$17,252,467

Sara Lee Corporation

(formerly Consolidated Foods Corporation)

Three First National Plaza
 Chicago, Illinois 60602
 (312) 726-2600

Officers: John H. Bryan Jr., chairman of the board & chief exec. officer; Robert E. Elbertson, vice chairman; John B. McKinnon, president; Michael E. Murphy, exec. v.p. & chief financial and administrative officer; Joseph F. Neely, sr. v.p.-human resources; George W. Bryan, sr. v.p.; Paul Fulton, sr. v.p. & group exec.; C. Steven McMillan, sr. v.p.-strategy development; Richard G. Hadenmacher, sr. v.p. & chief accounting officer; Gordon H. Newman, sr. v.p., secretary & general counsel; Philip R. Currier, Leslie W. Riley, Jr., William D. Hardison, Jr., Gary Bernegger, Keith L. Alm, v.p.'s; Robert L. Lauer, v.p.-corporate affairs; Mary Ellen Johnson, v.p. & treasurer; Phillip Temple, v.p.-human resources; Robert J. Terry, v.p.-taxes; Daniel R. Kulik, corp. controller; William T. White, Jr., v.p.-admin.; Vincent H. Swayer, v.p.-corp. systems; Dennis W. Hagele, assistant controller; Mark J. McCarville, v.p.-corp. development; Jo Ann D. Burkholder, Thomas H. Gordon, William D. Irie, Charles Y. Lackey, William S. Lipsman, Ronald L. Scherubel, assistant secretaries; Floyd G. Hoffman, asst. secretary & associate gen. counsel; Stephen G. Worthley, Miles R. Greer, asst. treasurer.

Directors: Roy L. Ash*, John H. Bryan*, Jr., John B. McKinnon*, Robert E. Elbertson*, John T. Fey*, Carl A. Gerstacker*, James L. Ketelsen, Gualtherus Krajenhoff, Joan D. Manley, Beatrice C. Mayer, Paul W. McCracken, J. Dean Muncaster*, Michael E. Murphy, Richard L. Thomas*, Willie D. Davis, John E. Swearingen, Leo van Dongen, Charles W. Coker.

* Member of the Executive Committee.

Business Activities: Consumer Personal Products-hosiery, knitwear, women's swimwear, intimate apparel, gloves, leather goods, cosmetics, personal and household care products.

Beverages - coffee, tea, and soft drinks.

Consumer Foods - fresh and processed meats, frozen baked goods, potatoes, confections, candy, canned fruits and vegetables, personal care products, toys, refined sugar.

Foodservice Distribution - food and supplies for volume feeding operations.

Consumer Direct Sales - home cleaning appliances, housewares and personal care products.

Trademarks and/or Brand Names: Hanes, Underalls, Slenderalls, Flaming Penny, Hanes Too!, Hanes Alive, Just My Size, Silk Reflections, Bill Blass, Showtoons, Today's Girl, L'eggs, L'eggs Colors, Sheer Energy, Sheer Elegance, Hanes Printables, L'erin, Bali, WonderBri, Dici, A-OK, Ce Soir, Something Else, Aris, Isotoner, Sirena, Wearabouts.

Divisions and Subsidiaries:

Consumer Personal Products

Hanes Hosiery
 Winston-Salem, North Carolina
 Women's hosiery products.

Hanes Printables
 Winston-Salem, North Carolina

L'eggs Products
 East Rockingham, North Carolina
 Women's hosiery products.

Hanes Knitwear
 Winston-Salem, North Carolina
 Men's and boys' underwear.

Bali Company
 Winston-Salem, North Carolina
 Brassieres.

Canadielle, Inc.
 Montreal, Quebec, Canada
 Foundation garments.

Aris Isotoner, Inc.
 New York, New York
 Dress and casual gloves.

Sirena, Inc.
 South El Monte, California
 Women's swimwear and beachwear.

Nicholas Kiwi
 Clayton, Australia

Beverages:
 Douwe Egberts N.V. (65% owned)
 Utrecht, Holland

Superior Coffee Co.
 Bensenville, Illinois

Consumer Foods:
 Kahn's and Company
 Cincinnati, Ohio

Bryan Foods
 West Point, Mississippi

Hillshire Farm
 New London, Wisconsin

Rudy's Farm
 Nashville, Tennessee

Gallo Salame
 San Francisco, California

Kitchens of Sara Lee
 Deerfield, Illinois

Chef Plover, Inc.
 Traverse City, Michigan

Popsicle Industries
 Englewood, New Jersey

Hollywood Brands
 Centralia, Illinois

Ets. Lardenois
 Hermes, France

Intradal NV
 Amersfoort, Holland

Jonker Fris B.V.
 Heusden A.D. Maas, Holland

Hi-Brand Foods
 Peachtree, Georgia

Standard Meat Co.
 Fort Worth, Texas

Jimmy Dean Meats
 Dallas, Texas

Peck Meat Packing
 Milwaukee, Wisconsin

R.B. Rice
 Lee's Summit, Missouri

Smoky Hollow Foods
 Little Rock, Arkansas

Food Service Distribution:
 FYA/Monarch, Inc.
 Greenville, South Carolina

Booth Fisheries Corporation
 Chicago, Illinois

Consumer Direct Sales:
 Electrolux Corporation
 Bristol, Virginia

The Fuller Brush Company
 Great Bend, Kansas

Lyon's Restaurants
 Foster City, California

Acquisition(s):

Coach Leatherware
 Leather goods.

Transfer Agent(s):

Sara Lee Corporation
 Chicago, Illinois

Stock Exchange(s): New York, Midwest, Pacific, London, Amsterdam

Ticker Symbol: SLE

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	\$ 7,937,722	\$ 223,455
1985	2,117,206	206,312
1984	7,000,310	188,441
1983	6,572,298	171,255
1982*	6,039,276	156,737

	No. of Com. Shares #	Earn. Per Share #
1986	54,106,000	\$ 4.05
1985	55,371,000	3.61
1984	56,636,000	3.25
1983	59,254,000	2.87
1982*	56,910,000	2.70

* 53 weeks.

+ Of continuing operations only.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1986	1985
U.S. consumer foods	\$ 2,797,135	\$ 3,007,834
International consumer foods	1,334,533	1,060,084
Foodservice	1,522,863	1,882,050
Consumer personal products	1,439,806	1,469,594
Consumer Household products	942,540	812,067
Intersegment sales	(99,155)	(114,423)
Total	7,937,722	8,117,206

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.56	—	—
1985	1.405	—	—
1984	1.265	—	2-for-1
1983	1.135	—	—
1982	1.033	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share #
1986	\$ 1,154,678	\$ 21.63
1985	991,045	18.52
1984	956,908	17.32

Sara Lee Corporation

1983	935,016	16.20
1982	905,373	15.34

Adjusted to reflect stock split.

\$ After allowing for preferred stock at involuntary liquidation value.

Income Account *		
(000's)		
Year ended	6/28/86	6/29/85
Net sales	\$ 7,937,722	\$ 8,117,206
Cost of sales	5,403,149	5,604,008
Expenses	2,122,809	2,121,739
Interest expense	56,167	46,014
Income before taxes	\$ 355,597	\$ 345,445
Income taxes	132,142	139,133
Net Income	\$ 223,455	\$ 206,312

* Included in Costs and Expenses, Depreciation: \$141,723,000 in 1986 and \$135,023,000 in 1985.

Assets		
(000's)		
As of	6/28/86	6/29/85
Cash, invest., & market secur.	\$ 156,159	\$ 104,146
Accts. receiv., net	650,986	583,824
*Inventories	936,326	882,956
Other curr. assets	36,010	36,433
Current Assets	\$ 1,779,481	\$ 1,607,359
Invest. in Sara Lee Credit Corp.	21,663	35,113
Trademarks	206,668	175,641
*Fixed assets	996,261	946,289
Intangibles	499,033	451,392
Total Assets	\$ 3,503,106	\$ 3,215,794
Liabilities		
(000's)		
Notes payable	\$ 95,611	\$ 163,879
Long-term debt, curr.	13,485	18,862
Accts. payable & accruals	1,000,209	1,027,954
Deferred inc. taxes	39,745	20,499
Cap. lease oblig., curr.	2,017	2,562
Curr. Liabilities	\$ 1,151,067	\$ 1,233,756
Long-term debt	617,267	441,909
Long-term oblig., capital leases	16,895	22,004
Deferred inc. tax	282,705	307,211
Other liabilities	205,494	144,869
+ Preferred stock	75,000	75,000
+ + Common stock	79,730	79,730
Add paid-in capital	6,965	—
Retained earnings	1,320,475	1,184,623
Foreign curr. trans.	(42,350)	(92,642)
Treasury stock	(210,142)	(180,666)
Total Liabilities & Shareholders' Equity	\$ 3,503,106	\$ 3,215,794

* At lower of cost (primarily FIFO) or market.

Less accumulated depreciation.

+ No par value; cumulative, convertible, adjustable.

+ + \$1.33 1/2 per value.

Statistical Summary		
%Income bef. Taxes to Sales	4.48	4.29
%Net Income to Sales	2.82	2.54
%Net Income to Equity	19.35	20.82
Sales to Inventories	8.48	9.19
Debt to Equity	0.65	0.66
Working Capital	\$ 628,414,000	\$373,603,000
Current Ratio	1.55	1.30
Shareholders' Equity	\$1,154,678,000	\$991,045,000

Savoy Industries, Inc.

150 East 58th Street
New York, New York 10155
(212) 355-3111

Officers: Benson A. Selzer, chairman of the board & exec. v.p.; Irwin L. Feinberg, vice chairman, president & chief exec. officer; John A. Selzer, exec. v.p., secretary & treasurer; Samuel Ofrichter, vice chairman; Charles H. Gessner, v.p. & chief operating officer; Robert Komenda, v.p. & chief financial officer.

Directors: Benson A. Selzer, chairman of the board; Irwin L. Feinberg, John A. Selzer, Lee Gray, Harold P. Chaffe, James L. Kropf, Jerome Lewis, Samuel Ofrichter.

Business Activities: Principally engaged in the manufacture and marketing of men's sweaters and sportswear, skiwear and foul weather gear.

Trademarks and/or Brand Names: Alpine Design, Arnold Palmer by Robert Bruce, Sea Gear, Cotton Where It Counts, Shelby, Slalom, Sport, Status Club, Pierre Cardin, Robert Bruce.

Plant Locations: Philadelphia, Pennsylvania; Statesville, North Carolina; Newport, Vermont.

Subsidiaries:

Slalom Skiwear, Inc.
Newport, Vermont

Manufactures and distributes a full line of skiwear and high-performance foul weather gear.

Robert Bruce Industries Inc. (58% owned)

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SAVO (NASDAQ)

Sales and Earnings		
	Net Sales †	Net Income
1985	\$ 70,277,000	\$ (446,000)
1984	62,039,000	2,594,000
1983	60,318,000	1,933,000
1982	61,654,000	874,000
1981*	22,378,000	(189,000)
	No. of Com. Shares	Earn. per Share ‡
1985	9,517,063	\$ —
1984	9,467,063	0.26
1983	9,467,063	0.20
1982	9,467,063	0.09
1981*	N.A.	—

(Loss)

N.A. - Not Available.

* 4 months.

† Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity †	Equity Per Share
1985	\$ 7,755,000	\$ 0.81
1984	8,210,000	0.87
1983	5,638,000	0.60
1982	3,726,000	0.39
1981	2,865,000	—

† After allowing for preferred stock at liquidation value.

Income Account *		
(000's)		
Year ended Dec. 31	1985	1984
Net sales	\$ 70,277	\$ 62,039
Cost of sales	46,757	42,140
Expenses	20,705	16,710
Minority interest	832	(190)
Interest expense	4,063	2,719
Gain on public offering of stock subid.	—	(609)

Income (loss) before taxes	\$ (2,080)	\$ 1,269
Income taxes	543	333
Income (loss) from cont. oper.	\$ (2,623)	\$ 936
Income from discont. oper.	2,177	1,658
Net Income (Loss)	\$ (446)	\$ 2,594

* Included in Costs and Expenses, Depreciation and Amortization: \$874,000 in 1985 and \$715,000 in 1984.

Assets		
(000's)		
As of Dec. 31	1985	1984
Cash	\$ 2,001	\$ 1,087
Accts. receiv., net	13,306	10,295
*Inventories	14,697	16,513
Net assets - discont. oper.	5,748	—
Prepaid expenses	1,822	681
Current Assets	\$ 37,574	\$ 28,576
Net assets - discont. oper.	—	4,813
*Fixed assets	8,964	6,809
Invest. in subid.	949	872
Mineral rights	95	191
Trademarks	1,676	—
Other assets	2,119	1,211
Total Assets	\$ 51,377	\$ 42,472

Liabilities		
(000's)		
Notes payable	\$ 3,689	\$ 9,511
Long-term debt, curr.	2,645	2,110
Accts. payable	3,759	3,353
Accruals	3,788	4,689
Income taxes	1,170	614
Curr. Liabilities	\$ 15,051	\$ 20,277
Long-term debt	24,135	9,568
Other liabilities	280	—
Minority interest	3,889	4,150
+ Preferred stock	1	1
+ + Common stock	95	95
Add. paid-in capital	7,816	7,804
Retained earnings	110	577
Total Liabilities & Shareholders' Equity	\$ 51,377	\$ 42,472

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value; 8% cumulative.

+ + \$0.01 par value.

Statistical Summary		
%Net Income to Equity	—	30.60
Sales to Inventories	4.78	3.76
Debt to Equity	3.80	2.50
Working Capital	\$22,523,000	\$8,299,000
Current Ratio	2.50	1.41
Shareholders' Equity	\$ 8,022,000	\$8,477,000

Seneca Foods Corporation

1162 Pittsford-Victor Road
Pittsford, New York 14534
(716) 385-9500

Officers: Arthur S. Wolcott, chairman & chief exec. officer; Julius G. Kayser, president & chief operating officer; Frederick W. Leick, exec. v.p.; William T. Nanovsky, sr. v.p. & chief financial officer; Rickie A. Kress, v.p.-research & development; Donald P. Naeye, v.p.-manufacturing; Jeffrey L. Van Riper, controller.

Directors: Arthur S. Wolcott, chairman; David L. Call, Edward O. Gaylord, G. Brymer Humphreys, Julius G. Kayser, Craig H. Kayser, Frederick W. Leick, Donald P. Naeye, Susan W. Stuart.

Business Activities: Through Tapetex Products, a textile converting subsidiary, the Company markets materials used as linings in men's apparel and as exterior fabrics for men's and women's outerwear. The Company is also involved in food processing, which is the major source of revenue.

Subsidiary:

Tapetex Products

Transfer Agent(s):

Seneca Foods Corporation
Pittsford, New York

Stock Exchange(s):

Over-the-Counter

Ticker Symbol: SENE (NASDAQ)

Sales and Earnings

	Net Sales †	Net Income
1986	\$ 265,028,000	\$ 10,454,000
1985	270,403,000	5,889,000
1984	270,762,000	8,064,000
1983	275,947,000	(1,524,000)
1982	259,862,000	2,829,000
	No. of Com. Shares ‡	Earn. per Share §
1986	851,000	\$ 12.24
1985	900,748	6.49
1984	1,145,673	7.01
1983	N.A.	—
1982	N.A.	2.27

(Loss)

N.A. - Not Available.

† Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Food processing	\$ 224,062,000	\$ 226,898,000
Textiles	29,004,000	32,431,000
Other	11,962,000	11,074,000
Total	\$ 265,028,000	\$ 270,403,000

Common Stock Equity

	Total Equity †	Equity Per Share
1986	\$ 61,373,000	\$ 71.71
1985	51,011,000	60.92
1984	49,613,000	50.20
1983	46,633,000	37.72

† After allowing for preferred stock at stated values.

Income Account *

Year ended July 31	1986	1985
Net sales	\$ 265,028	\$ 270,403
Cost of sales	232,413	228,656
Expenses	24,297	26,458
Interest expense	9,588	8,502
Income (loss) before taxes	\$ (1,270)	\$ 6,787
Income taxes (credit)	(1,713)	2,090
Income from cont. oper.	\$ 443	\$ 4,697
Income from discont. oper.	10,011	1,192
Net Income	\$ 10,454	\$ 5,889

* Included in Costs and Expenses, Depreciation and Amortization: \$8,344,000 in 1986 and \$7,651,000 in 1985.

Assets (000's)

As of July 31	1986	1985
Cash	\$ 16,307	\$ 2,191
Accts. receiv., net	19,471	34,631

*Inventories	78,750	87,155
Prepaid expenses	1,881	2,530
Current Assets	\$ 116,409	\$ 126,507
#Fixed assets	81,320	71,417
Other assets	3,049	2,658
Total Assets	\$ 200,778	\$ 200,582

Liabilities (000's)

Notes payable	\$ —	\$ 4,350
Long-term debt & cap. lease oblig., curr.	2,483	4,820
Accts. payable	25,815	44,351
Accruals	8,280	10,348
Income taxes	1,088	203
Curr. Liabilities	\$ 37,666	\$ 64,072
Long-term debt	64,850	49,692
Cap. lease oblig.	23,678	25,578
Deferred inc. taxes	9,951	6,477
AGCO Coop. Funds	3,005	2,983
Exc. of acq. assets over cost	185	578
Preferred stock:		
+ 6% Cumulative convertible	50	50
+ + 10% Cumulative convertible	20	20
+ + + \$1 Cumulative convertible	—	121
+ + + + Common stock	2,036	2,018
Add. paid-in capital	9,705	9,780
Retained earnings	49,632	39,213
Total Liabilities & Shareholders' Equity	\$ 200,778	\$ 200,582

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

+ + \$0.10 par value.

+ + + No par value; \$5 stated value; non-voting.

+ + + + \$1 par value.

Statistical Summary

%Net Income to Equity	17.01	11.50
Sales to Inventories	3.37	3.10
Debt to Equity	1.48	1.65
Working Capital	\$78,743,000	\$62,435,000
Current Ratio	3.09	1.97
Shareholders' Equity	\$61,443,000	\$51,202,000

Sequa Corporation

(formerly Sun Chemical Corporation)

200 Park Avenue
New York, New York 10166
(212) 986-5500

Officers: Norman E. Alexander, chairman of the board & chief executive officer; Robert E. Davis, president & chief operating officer; Stuart Z. Krinsky, sr. exec. v.p. & general counsel; Gerald S. Guterman, exec. v.p.-finance & administration; Dennis M. Libutti, v.p.-Graphic Equipment Group; Bernard M. Jaffe, sr. v.p. & secretary; Monroe Adelman, v.p.-taxes; Joseph D. Allwarden, v.p.-Avionics, Kollsman Instrument Div.; Ronald H. Wright, v.p.-Kollsman Instrument Div.; Richard P. Schneider, dir. of strategic planning; David J. O'Brien, v.p. & treasurer; Linda G. Kyriakou, dir. of corp. communications; William E. Morris, v.p.; Donald S. Bunin, v.p.-engineering & environment; William P. Ksiaczek, v.p. & controller; Geoffrey L. Phillips, v.p.-Chromalloy Group; Stanley W. Rosen, v.p.-industrial relations & personnel.

Directors: Norman E. Alexander*, chairman of the board; A. Leon Ferguson*, Raymond Frankel, David S. Gottesman, Stuart Z. Krinsky*, Donald D. Kummerfeld, Richard S. LeFrak, Fred R. Sullivan, Robert E. Davis*, Gerald Tsai, Jr.

* Member of the Executive Committee.

Textile Business Activities: The Apparel Group manufactures and distributes women's apparel by Campus Casuals of California and Gordon of Philadelphia, as well as the Raffinati line of men's formalwear and young men's fashions. The segment also operates 91 specialty apparel stores in the West and Southwest under the names K-G Men's Store and K-G Bootery.

Trademarks and/or Brand Names: Campus Casuals of California, Gordon of Philadelphia, Lilli Diamond, Shirtsstrings.

Apparel Group:

Chromalloy Textile Apparel Group
1270 Broadway
New York, New York 10001
(212) 947-3306

Campus Casuals of California Division
1200 South Hope Street
Los Angeles, California 90015
(213) 746-1121

Designs and merchandises coordinated sportswear and other women's apparel under its own brand name, as well as the Shirtsstrings and Lilli Diamond labels.

Gordon of Philadelphia Division
1210 Stanbridge Street
Norristown, Pennsylvania 19401
(215) 278-0400

K-G Retail Division
888 West Ithaca
Englewood, Colorado 80110
(303) 762-8930

Acquisition(s):

Chromalloy American Corporation
120 S. Central Avenue
St. Louis, Missouri 63105
(314) 726-9200

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s):

New York

Ticker Symbols: SNL A and SNL B

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	\$ 371,400	\$ 160,100
1985	326,600	4,100
1984	316,900	25,200
1983	290,400	9,500
1982	245,100	1,900

	No. of Com. Shares	Earn. per Share #
1986	10,827,000	\$ 19.90
1985	7,807,374	0.52
1984	7,791,663	3.23
1983	7,541,606	1.24
1982	7,492,991	0.26

+ Of continuing operations only.

Based on the average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Graphic arts equip.	\$ 91,302	\$ 77,629
Instruments	174,953	161,257
Other	105,158	87,752
Total	\$ 371,413	\$ 326,638

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.48	—	—
1985	0.48	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.48	—	—

Sequa Corporation

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 598,434,000†	\$ 50.89
1985	192,123,000	24.61
1984	178,501,000	22.91
1983	162,180,000	21.50
1982	165,554,000	22.09

† After allowing for preferred stock at involuntary liquidation value.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 371,413	\$ 326,638
Cost of sales	269,719	244,328
Expenses	70,338	49,720
Oper. profit	\$ 31,356	\$ 32,590
Interest expense	19,576	18,254
Interest income	(3,996)	(583)
Eq. in earn. of Chromalloy Amer.	(16,664)	(2,755)
Eq. in loss of affil. cos.	3,330	11,946
Loss on dispos. of assets	—	1,700
Other expense (income)	380	(582)
Inc. bef. taxes	\$ 28,730	\$ 4,610
Income taxes	2,673	3,294
Inc. - cont. oper.	\$ 26,057	\$ 1,316
Inc. - discont. oper.	134,076	2,753
Net Income	\$ 160,133	\$ 4,069

* Included in Costs and Expenses, Depreciation: \$9,813,000 in 1986 and \$10,194,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 83,161	\$ 14,638
Short-term invest.	405,655	2,735
Accts. & notes receiv., net	165,478	137,657
*Inventories	194,647	135,138
Other curr. assets	20,762	6,302
Current Assets	\$ 869,703	\$ 296,470
Investments	72,018	113,747
*Fixed assets	304,250	202,984
Defer. charges	11,199	7,456
Intangibles	137,834	4,388
Total Assets	\$ 1,395,004	\$ 625,045

Liabilities

	1986	1985
Bank loans	\$ 28,331	\$ 5,421
Long-term debt, curr.	31,423	4,216
Accts. payable	116,468	85,684
Accrued expenses	149,752	50,272
Accrued inc. taxes	86,632	47,162
Curr. Liabilities	\$ 412,606	\$ 192,755
Long-term debt	273,395	200,745
Minority interest	60,881	14,208
Deferred inc. taxes	16,170	25,214
+ Preferred stock	805	—
+ + Common stock	10,827	7,822
Add. paid-in capital	300,388	40,337
Cum. trans. adjust.	(2,048)	(21,884)
Retained earnings	322,583	166,192
Treasury stock	(603)	(344)
Total Liabilities & Shareholders' Equity	\$ 1,395,004	\$ 625,045

* At lower of cost or market. Domestic inventories (excluding instrument and graphic equip. segments) at LIFO; remainder at FIFO.

† Less accumulated depreciation.
+ \$1 par value; \$5 cumulative convertible.
+ + No par value in 1986; \$1 par value in 1985.

Statistical Summary

%Net Income to Equity	25.34	2.12
Sales to Inventories	1.91	2.42
Debt to Equity	0.53	1.10
Working Capital	\$457,097,000	\$104,714,000
Current Ratio	2.11	1.44
Shareholders' Equity	\$631,952,000	\$192,123,000

Shaw Industries, Inc.

P.O. Drawer 2128
616 East Walnut Avenue
Dalton, Georgia 30720
(404) 278-3812

Officers: J.C. Shaw, chairman of the board; Robert E. Shaw, president & chief exec. officer; William C. Lusk, Jr., sr. v.p. & treasurer; W. Norris Little, sr. v.p.-operations; Warren M. Sims, Jr., v.p.-administration; Vance D. Bell, v.p.-marketing; James D. Miller, v.p.-research & technical; Douglas H. Hoskins, controller; Bennie M. Laughter, asst. secretary & gen. counsel.

Directors: J.C. Shaw*, chairman; Robert E. Shaw*, W. Norris Little, William C. Lusk, Jr., Robert R. Harlin*, William Cheney*, Dakin B. Ferris, Clifford M. Kirtland, Jr.

* Member of the Executive Committee.

Business Activities: Manufactures, designs and sells tufted carpeting.

Trademarks and/or Brand Names: Philadelphia, Magne Carpets.

Plant Locations: Dalton, Fitzgerald, Cartersville and Calhoun, Georgia; Stevenson and Valley Head, Alabama; Decatur, Tenn.

Divisions:

Philadelphia Carpets Division
Distributor Division
National Division

Transfer Agent(s):

The Citizens & Southern National Bank
Atlanta, Georgia

Stock Exchange(s): New York, Pacific

Ticker Symbol: SHX

Sales and Earnings

	Net Sales ‡	Net Income
1986	\$ 550,024,000	\$ 24,095,000
1985	519,472,000	25,881,000
1984	454,198,000	22,909,000
1983	301,776,000	9,951,000
1982	232,039,000	1,353,000
	No. of Com. Shares #	Earn. per Share #
1986	17,043,548	\$ 1.41
1985	17,049,308	1.52
1984	16,964,314	1.35
1983	13,983,246	0.71
1982	13,582,882	0.10

‡ Includes service revenues.
Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	\$0.325	—	2-for-1
1985	0.275	—	—
1984	0.235	—	4-for-3
1983	0.075	—	—
1982	0.113	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	\$ 141,218,000	\$ 8.29
1985	122,662,000	7.20
1984	101,936,000	5.96
1983	73,036,000	4.52
1982	47,629,000	3.51

Adjusted to reflect stock splits.

Income Account *

Year ended	6/28/86	6/29/85
Sales & revenues	\$ 550,024,000	\$ 519,472,000
Cost of sales	439,697,000	412,626,000
Expenses	62,494,000	54,520,000
Oper. profit	\$ 47,833,000	\$ 52,326,000
Other expense	299,000	184,000
Total	\$ 47,534,000	\$ 52,142,000
Interest expense	4,081,000	5,301,000
Income bef. taxes	\$ 43,453,000	\$ 46,841,000
Income taxes	19,358,000	20,760,000
Net Income	\$ 24,095,000	\$ 25,881,000

* Included in Costs and Expenses, Depreciation: \$18,788,000 in 1986 and \$16,075,000 in 1985.

Assets

As of	6/28/86	6/29/85
Cash	\$ 2,476,000	\$ 4,075,000
Accts. receiv., net	81,457,000	71,960,000
*Inventories	96,230,000	73,390,000
Prepaid expenses	615,000	576,000
Current Assets	\$ 180,778,000	\$ 150,001,000
*Fixed assets	95,861,000	83,796,000
Other assets	2,272,000	2,318,000
Total Assets	\$ 278,911,000	\$ 236,115,000

Liabilities

Long-term debt, curr.	\$ 7,699,000	\$ 5,124,000
Accts. payable	37,750,000	33,474,000
Accruals	11,539,000	9,556,000
Accrued inc. taxes	5,445,000	5,389,000
Current Liabilities	\$ 62,433,000	\$ 58,543,000
Long-term debt	63,716,000	51,284,000
Deferred inc. taxes	11,544,000	8,626,000
+ Common stock	18,918,000	9,696,000
Add. paid-in capital	30,785,000	42,569,000
Retained earnings	91,515,000	72,959,000
Treasury stock	—	(2,562,000)
Total Liabilities & Shareholders' Equity	\$ 278,911,000	\$ 236,115,000

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ No par value; \$1.11 stated value.

Statistical Summary

%Income bef. Taxes to Sales	7.90	8.98
%Net Income to Sales	4.38	4.98
%Net Income to Equity	17.06	21.10
Debt to Equity	0.45	0.46
Working Capital	\$118,345,000	\$ 96,458,000
Current Ratio	2.90	2.80
Shareholders' Equity	\$141,218,000	\$122,662,000

Signal Apparel Company Inc.

(formerly Wayne-Gossard Corporation)

200 Manufacturers Road
P.O. Box 4296
Chattanooga, Tennessee 37403
(615) 756-8146

Officers: Robert B. Colbert, Jr., chairman of the board; J. Franklin Joiner, president & chief executive officer; Paul C. Bradshaw, secretary-treasurer; Leslie W. Levy, v.p. & president-Heritage Sportswear Division; R. Max Yount, sr. v.p.; M. Ted Grubbs, controller & asst. secretary-treasurer; Jeremy W. Dick, v.p. & director-budgets & cost control; Thomas H. Parker, v.p.

Directors: George B. Clairmont*, Andre Marcus*, Robert B. Colbert, Jr.*, Joseph L. May, J. Franklin Joiner*, Dorothy D. Collins*, Arnold S. Jacobs, Harry Huger*.

* Member of the Executive Committee.

Business Activities: Engaged in the production and sale of men's and boys' knit underwear and sportswear, infants' knitwear, sweaters and knit shirts for men and boys, and women's knit apparel.

Trademarks and/or Brand Names: Heritage U.S.A., Signal, Joan vass u.s.a., Laura Pearson U.S.A., John Weitz.

Plant Locations: LaGrange, Griffin, Georgia; Marion, South Carolina; Rutledge, Chattanooga, Graysville & New Tazewell, Tennessee.

Divisions and Subsidiaries:

Heritage Sportswear Division
Marion, South Carolina
(803) 423-5736

Men's & boys' sweaters & knit shirts and women's knit apparel.

Signal Knitting Mills, Inc.
Chattanooga, Tennessee
(615) 266-2175

Men's and boys' knit underwear, sportswear and infants' knitwear.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
Stock Transfer Dept.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: SIA

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 94,488,000	\$ 4,238,000
1985	79,229,000	(398,000)
1984	82,539,000	(571,000)
1983	80,055,000	1,203,000
1982	71,629,000	1,904,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,845,794	\$ 1.35
1985	2,708,696	—
1984	2,708,260	—
1983	2,669,690	0.27
1982	2,619,952	0.54

(Loss)

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985	1984	1983
Underwear, sportswear & knitwear	77%	83%	82%	80%
Sweaters & knit shirts	7	10	14	16
Women's knit apparel	14	6	1	—
Other	2	1	3	4
Total	100%	100%	100%	100%
	Cash Dividend	Stock Dividend	Stock Split	
1986	\$0.20	—	2-for-1	
1985	0.20	—	—	
1984	0.20	—	—	
1983	0.20	—	—	
1982	0.20	—	—	

Common Stock Equity

	Total Equity \$	Equity Per Share †
1986	\$ 25,927,000	\$ 9.11
1985	20,384,991	7.53
1984	21,446,684	7.92
1983	22,737,748	8.52
1982	21,792,300	8.32

† After allowing for preferred stock at total involuntary liquidation value.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 94,488,000	\$ 79,228,620
Cost of sales	72,840,000	66,387,507
Expenses	12,922,000	12,369,442
Oper. profit	\$ 8,726,000	\$ 471,671
Other income	(25,000)	(147,353)
Interest expense	606,000	1,344,640
Income (loss) bef. taxes	\$ 8,145,000	\$ (725,616)
Income taxes (credit)	3,907,000	(328,000)
Net Income (Loss)	\$ 4,238,000	\$ (397,616)

* Included in Costs and Expenses. Depreciation: \$1,837,000 in 1986 and \$1,828,831 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 1,257,000	\$ 548,810
Receiv., net	13,918,000	9,245,592
Refund inc. taxes	—	1,385,000
Inventories	19,993,000	19,447,070
Prepaid expenses	667,000	260,189
Current Assets	\$ 35,835,000	\$ 30,886,661
Fixed assets	8,409,000	8,270,553
Other assets	105,000	96,975
Total Assets	\$ 44,349,000	\$ 39,254,189

Liabilities

Long-term debt, curr.	\$ 5,000	\$ 70,000
Accts. payable	3,073,000	2,588,265
Accruals	2,423,000	1,427,176
Dividends payable	159,000	181,950
Income taxes	5,774,000	103,760
Curr. Liabilities	\$ 9,334,000	\$ 4,371,151
Long-term debt	2,959,000	6,752,118
Def. inc. taxes	838,000	669,604
+ Preferred stock	703,000	967,540
+ + Common stock	5,125,000	4,595,213
Add. paid-in capital	5,135,000	5,135,291
Retained earnings	20,438,000	17,146,626
Treasury stock	(383,000)	(383,354)
Total Liabilities & Shareholders' Equity	\$ 44,349,000	\$ 39,254,189

* At lower of cost (LIFO) or market.

† Less accumulated depreciation.

+ No par value.

+ + 3.33% par value.

Statistical Summary

%Income bef. Taxes to Sales	8.62	—
%Net Income to Sales	4.49	—
%Net Income to Equity	13.66	—
Sales to Inventories	4.73	4.07
Debt to Equity	0.10	0.25
Working Capital	\$26,301,000	\$26,515,510
Current Ratio	3.76	7.07
Shareholders' Equity	\$31,018,000	\$27,461,316

Sirco International Corp.

700 South Fuhon Avenue
Mount Vernon, New York 10550
(914) 664-4400

Officers: Burt J. Siris, chairman of the board; Joseph Ganz, president; John Goldsmith, executive vice president; Leonard M. Yelowitz, secretary & treasurer.

Directors: Burt J. Siris, chairman; Leonard M. Yelowitz, Neil Grundman, John Goldsmith, Joseph Ganz, Yataka Yamaguchi, Douglas Turner.

Business Activities: Designs, manufactures, imports and markets handbags, tote bags, wallets, small leather goods and novelty items, basically for women and children. Merchandise is made of leathers, vinyls and fabrics.

Trademarks and/or Brand Names: Action Bags, Baroli Handbags, Miss McDuff, Mondo, Sanford, Carefree, Bueno, Hatton.

Subsidiaries:

Sirco International Canada, Ltd.
1321 Blundell Road
Mississauga, Ontario, Canada

Sirco Leatherwares Ltd.
North Circular Road
Finchley, London, N. 12 England

Sirco Industries Limited
13D For Mee Factory
500 Castle Peak Road
Kowloon, Hong Kong

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SIRC (NASDAQ)

Sales and Earnings

	Net Sales	Net Income \$
1986	\$ 38,083,290	\$ (2,583,738)
1985	41,020,020	259,123
1984	38,544,734	435,283
1983	38,861,919	1,085,142
1982	41,301,508	593,503
	No. of Com. Shares +	Earn. per Share ‡
1986	815,200	\$ —
1985	815,200	0.32
1984	815,200	0.53
1983	815,200	1.33
1982	815,200	0.73

(Loss)

‡ Including extraordinary gains of \$31,842 in 1986, \$11,558 (\$0.01 per share) in 1985, \$10,104 (\$0.01 per share) in 1984, \$65,802 (\$0.08 per share) in 1983 and \$60,515 (\$0.08 per share) in 1982.

+ Adjusted to reflect stock dividend.

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	—	100%	—
	Total Equity	Equity Per Share +	
1986	\$ 6,208,313	\$ 7.62	
1985	8,803,798	10.80	
1984	8,479,974	10.40	
1983	8,209,799	10.07	
1982	7,385,079	9.06	

+ Adjusted to reflect stock dividend.

Sirco International Corp.

Income Account *		
Year ended Nov. 30	1986	1985
Net sales	\$ 38,083,290	\$ 41,020,020
Cost of sales	29,217,137	29,585,769
Expenses	11,000,999	10,525,161
Interest expenses	1,355,701	665,307
For. exch. gain	(26,898)	(210,982)
Income (loss) bef. taxes	\$ (3,463,649)	\$ 454,765
Income taxes (credit)	(848,069)	207,200
Net Income (Loss)	\$ (2,615,580)	\$ 247,565
Extraord. gain	31,842	11,558
Net Income (Loss) & extraord. gain	\$ (2,583,738)	\$ 259,123

* Included in Costs and Expenses, Depreciation and Amortization: \$405,033 in 1986 and \$250,488 in 1985.

Assets		
As of Nov. 30	1986	1985
Cash	\$ 1,708,247	\$ 1,494,199
Accts. receiv., net	8,040,379	10,115,038
*Inventories	6,807,571	8,675,773
Prepaid expenses & other assets	418,746	699,634
Refundable taxes	526,507	189,386
Current Assets	\$ 17,501,450	\$ 21,174,030
#Fixed assets	4,607,002	1,122,168
Other assets	290,925	74,144
Restricted cash	700,477	—
Total Assets	\$ 23,099,854	\$ 22,370,342

Liabilities		
Notes payable	\$ 598,740	\$ 615,337
Acceptances payable	9,124,116	8,919,486
Accts. payable	1,244,099	2,129,174
Accruals	1,188,637	891,883
Income taxes	77,422	559,547
Curr. Liabilities	\$ 12,233,014	\$ 13,115,427
Long-term debt	433,527	451,117
Cap. lease oblig.	4,225,000	—
+ Common stock	81,520	81,520
Add. paid-in capital	1,702,534	1,702,534
Retained earnings	5,319,592	7,903,330
Curr. trans. adj.	(895,333)	(883,586)
Total Liabilities & Shareholders' Equity	\$ 23,099,854	\$ 22,370,342

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.11
%Net Income to Sales	—	0.60
%Net Income to Equity	—	2.81
Sales to Inventories	5.59	4.73
Debt to Equity	0.10	0.07
Working Capital	\$5,268,436	\$8,058,603
Current Ratio	1.43	1.61
Shareholders' Equity	\$6,208,313	\$8,803,798

Spencer Companies, Inc.

(Operating under Chapter 11 of the U.S. Bankruptcy Code)

450 Summer Street
Boston, Massachusetts 02210
(617) 542-8120

Officers: C. Charles Marran, chairman of the board; Herbert Rosen, vice chairman; Paul O'Connor, president & chief exec. officer; Donald C. Burgess, sr. v.p. & gen. merch. mgr.; Frank

L. Marran, sr. v.p.-imports & mfg.; Irwin J. Lakin, v.p.; William A. Oliver, v.p. & treasurer; H. Kenneth Fish, clerk; James R. Morin, v.p. & mdsc. manager; assistant vice presidents: Roger A. Beaulieu, mgr.-computer operations; John W. Crapo, buyer-women's shoes; Joseph T. Grobel, asst. treasurer; Daniel J. Hart, dir.-warehousing; Donald Mish, buyer-athletic shoes.

Directors: C. Charles Marran*, William A. Oliver*, Herbert Rosen*, Paul O'Connor*, Real O. Roy.

* Member of the Executive Committee.

Business Activities: Through its subsidiary, Happy Legs, Inc., designs and manufactures women's sportswear in the moderate to better-moderate price range, both junior and missy, consisting of pants, skirts, shorts, jackets, suits and tops. Also, through its footwear division, operates 216 leased shoe departments in discount department stores.

Trademarks and/or Brand Names: Happy Legs, Feelin' Jazzy, H.L. Spencer, H.L. Tops, Ultra Image.

Subsidiary:

Happy Legs, Inc.
20 Enterprise Avenue
Secaucus, New Jersey 07094
(201) 330-7700

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts 02101

Stock Exchange(s): American

Ticker Symbol: SPN

Sales and Earnings		
	Net Sales \$	Net Income
1986	\$ 80,128,457	\$ (8,567,125)
1985	100,049,049	(5,657,370)
1984	91,161,259	1,284,929
1983	N.A.	803,968
1982	N.A.	(768,353)
	No. of Com. Shares #	Earn. per Share #
1986	1,870,979	\$ —
1985	1,870,435	—
1984	1,800,410	0.71
1983	1,862,167	0.43
1982	1,850,292	—

(Loss)

N.A. - Not Available.

Includes operating revenues; of continuing operations only.

Based on the weighted daily average number of shares outstanding.

Common Stock		
	Cash Dividend	Stock Dividend
1986	\$ —	—
1985	0.24	—
1984	0.17	—
1983	0.11	—
1982	0.20	—

Common Stock Equity		
	Total Equity	Equity Per Share \$
1986	\$ 5,125,730	\$ 2.74
1985	13,584,313	7.26
1984	17,997,969	10.00
1983	16,867,744	9.05
1982	17,087,326	9.23

Based on the weighted daily average number of shares outstanding.

Income Account		
Year ended	5/31/86	6/1/85
Net sales	\$ 80,128,457	\$ 100,049,049
Cost of sales	55,540,284	72,626,420

Expenses	28,425,183	32,128,060
Depreciation & amortization	1,128,043	978,758
Interest expense	1,072,202	721,878
Interest income	(61,432)	(28,581)
Loss from discount.	—	—
Cesarini Spencer	1,160,402	—
Other income	(91,430)	(272,997)
Loss bef. taxes	\$ (7,044,795)	\$ (6,102,489)
Tax credit	(88,606)	(1,372,170)
Loss-cont. oper.	\$ (6,956,189)	\$ (4,730,319)
Loss-discount. oper.	(1,610,936)	(927,051)
Net Loss	\$ (8,567,125)	\$ (5,657,370)

Assets		
As of	5/31/86	6/1/85
Cash & market-securities	\$ 1,240,397	\$ 2,021,836
Due from factor	289,063	—
Accts. & notes receiv., net	1,237,604	959,194
Refundable taxes	33,212	2,595,500
*Inventories	13,654,725	21,436,595
Prepaid expenses	548,359	599,530
Current Assets	\$ 17,003,360	\$ 27,612,655
#Fixed assets	3,476,545	6,128,794
Intangibles & other assets	708,217	812,426
Total Assets	\$ 21,188,122	\$ 34,553,875

Liabilities		
Notes payable	\$ 4,800,000	\$ 4,250,000
Mort. payable	1,200,000	—
Bankers' acceptance	1,761,668	1,041,960
Long-term debt, curr.	—	600,000
Deferred income	254,750	—
Cap. lease oblig., curr.	63,198	—
Accts. payable	5,162,786	8,291,048
Due to factor	—	4,798,089
Accrued taxes	209,379	487,976
Accrued payroll	647,165	986,882
Curr. Liabilities	\$ 14,098,946	\$ 20,455,955
Cap. lease oblig.	183,874	—
Deferred compen.	706,391	513,607
Deferred income	1,073,181	—
+ Common stock	2,092,933	2,092,933
Add. paid-in capital	6,948,691	6,948,691
Retained earnings (def.)	(1,375,221)	7,191,904
Treasury stock	(455,587)	(455,587)
Acct. receiv.-emp. stock trust	(2,085,086)	(2,193,628)
Total Liabilities & Shareholders' Equity	\$ 21,188,122	\$ 34,553,875

* At lower of cost (FIFO for mfg. and the retail method for the retail div.) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary		
Sales to Inventories	5.87	4.67
Debt to Equity	0.98	0.36
Working Capital	\$2,904,414	\$ 7,156,700
Current Ratio	1.21	1.35
Shareholders' Equity	\$5,125,730	\$13,584,313

Springs Industries, Inc.

205 North White Street
P.O. Box 70
Fort Mill, South Carolina 29715
(803) 547-2901

Officers: Walter Y. Elisha, chairman & chief executive officer; W. Paul Tippet, president; John Cauthen, Julius Lasnick, exec. vice presidents; A. Ward Peacock, exec. v.p. & chief financial officer; Haniel B. Millican, sr. v.p.-diversified products; Bruce F. Roberts, sr. v.p.-corp. relations; Ralph T.

Bratman, v.p.-systems; Robert M. Bruton, v.p.-data processing; Charles M. Harrell, controller; Robert S. Hudspeth, v.p.-purchasing; James E. Hendrix, v.p.-research & development; J. David Hopkins, v.p.-business development; Floyd E. Williams, Jr., v.p.-engineering services; William L. Weaver, v.p.-facilities planning; J. Spratt White, sr. v.p.-human resources & secretary; Robert L. Thompson, Jr., v.p.-public affairs; James F. Zahar, treasurer.

Directors: Crandall C. Bowles*, Charles W. Coker, Jr.*, Walter Y. Elisha*, Donald N. Frey, James P. Kelly, Dan M. Krause, Julius Lasnick*, Donald S. Perkins, Arthur W. Schultz, Ralph Z. Sorenson, W. Paul Tippet*, Stewart Turkey.

* Member of the Executive Committee.

Business Activities: Manufactures and markets woven and non-woven fabrics in a broad variety of fibers, finishes, colors and printed patterns; produces woven industrial fiber glass fabrics; home furnishing products include sheets, pillowcases, quilted bedspreads, and bed accessories, among others.

Textile Trademarks and/or Brand Names: Springmaid, Pequot, Skinner, Ultrauede, Wamsutta, Pacific, Graber, FashionPleat, Performance, Wondercale, Supercal, Custom Designs, Pacific Silvercloth, Superlin, Radiance.

Plant Locations: Fort Lawn, Chester, Kershaw, Grace, Lancaster, Fort Mill, Hosca Path, Gaffney, Anderson, Columbia, Lyman, Rock Hill, S.C.; Laurel Hill, Biscoe, Morgantown, N.C.; Dalton, Calhoun, Washington, Cleveland, Ga.; Piedmont, Huntsville, Ala.; Middleton, Wis., Santa Fe Springs, Ca.; Battice, Belgium.

Divisions and Subsidiaries:

Finished Fabrics Division
104 West 40th Street
New York, New York 10018
(212) 556-6000

Woven fabrics for apparel and decorative home furnishings.

Consumer Fashion Division
104 West 40th Street
New York, New York 10018
(212) 556-6000

Packaged sheets, pillowcases, bath products, draperies and quilted bedspreads.

Retail and Specialty Fabrics Division
104 West 40th Street
New York, New York 10018
(212) 556-6500

Woven, non-woven, and knitted fabrics for home sewing and specialty manufacturers.

Performance Products Division
P.O. Box 1328
Dalton, Georgia 30720

Textile home furnishings.

Graber Industries, Inc.
7549 Graber Road
Middleton, Wisconsin 53562

Window decorating products.

Custom Designs Division
P.O. Box 5480
Buena Park, California 90620

International Division
104 West 40th Street
New York, New York 10018

Textile Manufacturing Division
P.O. Box 70
Fort Mill, South Carolina 29715

M. Lowenstein Corporation
1430 Broadway
New York, New York 10018

Manufactures woven fibers and home furnishings.

Clark-Schwebel Fiber Glass Corporation
5 Corporate Park Drive
Box 851C
White Plains, NY 10603

Manufactures woven industrial fiber glass fabrics.

Transfer Agent(s):

Wachovia Bank & Trust Company, N.A.
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): New York

Ticker Symbol: SMI

Sales and Earnings

	Net Sales +	Net Income
1986	\$1,504,984,000	\$ 32,600,000
1985*	1,013,500,000	13,300,000
1984	945,000,000	36,100,000
1983	894,400,000	37,100,000
1982	874,500,000	43,100,000
	No. of Com. Shares †	Earn. per Share †
1986	8,898,000	\$ 3.66
1985*	8,887,000	1.49
1984	8,884,000	4.06
1983	8,919,000	4.15
1982	8,905,000	4.83

* 53 weeks.

+ Of continuing operations only.

† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1986	1985
Finished fabrics	\$ 685,500	\$ 473,400
Home furnishings	639,600	504,900
Industrial fabrics	179,900	35,200
Total	\$ 1,505,000	\$ 1,013,500

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.52	—	—
1985	1.52	—	—
1984	1.52	—	—
1983	1.52	—	—
1982	1.44	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 464,600,000	\$ 52.48
1985	442,200,000	50.06
1984	441,200,000	50.07
1983	419,000,000	47.47
1982	395,800,000	44.94

Income Account* (000's)

Year ended	1/3/87	1/4/86
Net sales	\$ 1,504,984	\$ 1,013,492
Cost of sales	1,257,238	877,578
Expenses	168,754	109,621
Other income	(8,365)	(3,371)
Interest expense	28,570	9,035
Income before taxes	\$ 58,787	\$ 20,629
Income taxes	26,212	7,358
Net Income	\$ 32,575	\$ 13,271

* Included in Costs and Expenses, Depreciation and Amortization: \$55,636,000 in 1986 and \$37,641,000 in 1985.

Assets (000's)

As of	1/3/87	1/4/86
Cash & short-term invest.	\$ 92,282	\$ 55,334
Accts. receiv., net	253,191	263,413
*Inventories	219,687	232,550
Other assets	11,899	9,316
Current Assets	\$ 577,059	\$ 560,613
# Fixed assets	383,354	385,712
Other assets & deferred charges	35,988	42,350
Investments	13,977	24,385
Total Assets	\$ 1,010,378	\$ 1,013,060

Liabilities (000's)

Long-term debt, curr.	\$ 16,193	\$ 4,750
Accts. payable	80,473	92,910
Accruals	78,236	81,820
Curr. Liabilities	\$ 174,902	\$ 179,480
Long-term debt	271,046	308,116
Deferred inc. taxes	46,334	32,133
Deferred compen.	53,474	51,108
+ Common stock	4,469	4,469
Add. paid-in capital	8,921	8,476
Retained earnings	450,622	431,504
Treasury stock	(2,402)	(2,619)
Curr. trans. adjust.	3,012	393
Total Liabilities & Shareholders' Equity	\$ 1,010,378	\$ 1,013,060

* At cost (LIFO).

Less accumulated depreciation and amortization. + \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.91	2.04
%Net Income to Sales	2.16	1.31
%Net Income to Equity	7.01	3.00
Debt to Equity	6.85	4.36
Sales to Inventories	0.62	0.71
Working Capital	\$402,157,000	\$381,133,000
Current Ratio	3.30	3.12
Shareholders' Equity	\$464,622,000	\$442,223,000

Stanwood Corporation

4819 Park Road
Post Office Box 11813
Charlotte, North Carolina 28220
(704) 527-5270

Officers: Thomas N. Roboz, chairman of the board & president; Roy R. Bowman, v.p.-Operations; Douglas F. Bassitt, v.p. & treasurer; Randall Chestnut, v.p.; Dee M. Wyatt, secretary.

Directors: Thomas N. Roboz*, chairman; E.M. Hicks, David T. Chase*, J. John Fox, Frank Gabor*, Harry M. Nacey, Jr., James E. Gettys, Ronald J. Krause*, J. Benjamin Bostick.

*Member of the Executive Committee.

Business Activities: Manufactures and sells men's work clothes and leisure wear, and men's and boys' underwear and sportswear.

Trademark(s): Carwood, Healthknit, Quail Hollow, Stallion, McGregor, Wolverine.

Divisions and Subsidiaries:

Standard Knitting Mills, Inc.
Knoxville, Tennessee 37901
Manufacturer of knitwear.

Carwood Manufacturing Company
Winder, Georgia 30680
Manufactures men's work clothes and sportswear.

International Apparel Company
Charlotte, North Carolina 28220

Cargud, S.A.
San Jose, Costa Rica

Transfer Agent(s):

First Union National Bank
Charlotte, North Carolina

Stock Exchange(s): Pacific, American

Ticker Symbol: SNW

Sales and Earnings

	Net Sales \$	Net Income
1/3/87*	\$ 117,757,000	\$ (780,000)
12/28/85	117,291,000	876,000

Stanwood Corporation

12/29/84	115,077,000	(299,000)
12/31/83	110,563,000	396,000
1/1/83	102,004,000	1,791,000
	No. of Com. Shares	Earn. per Share †
1/3/87*	1,532,897	\$ —
12/28/85	1,532,924	0.57
12/29/84	1,532,935	—
12/31/83	1,527,821	0.25
1/1/83	2,056,190	0.86

* 53 weeks.

(Loss)

† Of continuing operations only.

† Based on the average number of common shares outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1/3/87	\$ 24,752,000	\$ 16.15
12/28/85	25,532,000	16.66
12/29/84	24,656,000	16.08
12/31/83	24,945,000	16.33
1/1/83	29,643,000	14.42

Income Account *		
Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 117,757,000	\$ 117,291,000
Cost of sales	98,700,000	95,224,000
Expenses	17,073,000	17,786,000
Interest expense	3,061,000	3,592,000
Other income	(70,000)	(393,000)
Gain on sale	—	(494,000)
Income (loss) before taxes	\$ (1,007,000)	\$ 1,576,000
Income taxes (credit)	(227,000)	700,000
Net Income (Loss)	\$ (780,000)	\$ 876,000

* Included in Costs and Expenses, Depreciation and Amortization: \$1,873,000 in 1986 and \$1,716,000 in 1985.

Assets		
	1/3/87	12/28/85
Cash	\$ 2,221,000	\$ 1,720,000
Receiv., net	20,698,000	19,821,000
*Inventories	37,381,000	36,706,000
Prepaid expenses	621,000	406,000
Refundable income taxes	979,000	209,000
Deferred income taxes	379,000	460,000
Current Assets	\$ 62,279,000	\$ 59,322,000
*Fixed assets	10,644,000	10,931,000
Other assets	2,911,000	2,233,000
Total Assets	\$ 75,834,000	\$ 72,486,000
Liabilities		
Notes payable	\$ —	\$ 19,395,000
Accts. payable & accruals	9,574,000	8,935,000
Income taxes payable	6,000	85,000
Long-term debt, curr.	1,834,000	2,341,000
Curr. Liabilities	\$ 11,414,000	\$ 30,755,000
Long-term debt	37,142,000	14,278,000
Deferred comp.	2,028,000	1,830,000
Deferred income taxes	498,000	90,000
+ Common stock	1,533,000	1,533,000
Add. paid-in capital	13,232,000	13,232,000
Retained earnings	9,987,000	10,767,000
Total Liabilities & Shareholders' Equity	\$ 75,834,000	\$ 72,486,000

* At lower of cost (LIFO) or market.

† Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary		
%Income before Taxes to Sales	—	1.34
%Net Income to Sales	—	0.74
%Net Income to Equity	—	2.43

Sales to Inventories	3.15	3.20
Debt to Equity	1.50	1.41
Working Capital	\$50,865,000	\$28,566,000
Current Ratio	5.46	1.93
Shareholders' Equity	\$24,752,000	\$25,532,000

State-O-Maine, Inc.

One Astor Place
Suite 1600
New York, New York 10036
(212) 244-1111

Officers: Milton Weinick, chairman of the board & secretary; Harvey Sanders, president & treasurer; David Chu, pres.-Van Baalen Pacific Corp.

Directors: Harvey Sanders, Milton Weinick, Herbert L. Goldstein, David Chu.

Business Activities: Manufactures & distributes men's swimwear, loungewear, robes, and sportswear.

Trademarks and/or Brand Names: State-O-Maine, Nautica, Christian Dior.

Plant Locations: Rockland, Maine.

Subsidiaries:

Van Baalen Pacific Corp.

Nautica Apparel, Inc. (80% owned)

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): Over-the-Counter

Sales and Earnings		
	Net Sales +	Net Income
1987	\$ 36,252,833	\$ 2,087,874
1986	28,925,861	1,572,695
1985	26,251,323	1,527,556
1984	20,120,335	911,783
1983	19,177,212	508,718
	No. of Com. Shares #	Earn. per Share *
1987	1,740,638	\$ 1.20
1986	1,732,478	0.91
1985	1,720,248	0.89
1984	1,720,248	0.53
1983	1,720,248	0.30

+ Of continuing operations only.

Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock		
	Cash Dividend	Stock Split
1987	—	6-for-5
Common Stock Equity		
	Total Equity	Equity Per Share *
1987	\$ 9,955,179	\$ 5.72
1986	7,856,955	4.54
1985	6,240,710	3.62
1984	4,713,154	2.74
1983	3,801,371	2.21

* Adjusted to reflect stock split.

Income Account *		
Year ended Feb. 28	1987	1986
Net sales	\$ 36,252,833	\$ 28,925,861
Cost of sales	22,801,240	18,262,508

Expenses	8,675,976	7,102,177
Interest expense	342,355	311,264
Income before taxes	\$ 4,433,262	\$ 3,249,912
Income taxes	2,252,937	1,661,896
Minority interest	92,451	15,321
Net Income	\$ 2,087,874	\$ 1,572,695

* Included in Costs and Expenses, Depreciation and Amortization: \$316,509 in 1987 and \$484,086 in 1986.

Assets		
As of Feb. 28	1987	1986
Cash	\$ 896,806	\$ 894,925
Accts. receiv., net	4,918,869	3,238,705
*Inventories	6,702,350	4,018,844
Prepaid expenses	1,089,579	804,677
Purchased quota	194,257	—
Current Assets	\$ 13,801,861	\$ 8,957,151
*Fixed assets	3,367,363	2,883,582
Other assets	1,377,486	82,472
Total Assets	\$ 18,546,710	\$ 11,923,205
Liabilities		
Notes payable	\$ 2,830,000	\$ 1,350,000
Long-term debt, curr.	380,333	67,333
Accts. payable	1,563,602	822,254
Retained earnings	1,337,527	695,921
Income taxes	268,113	163,154
Curr. Liabilities	\$ 6,379,575	\$ 3,098,662
Long-term debt	1,913,253	821,336
Minority interest	107,503	15,052
Def. inc. taxes	191,200	131,200
+ Common stock	181,433	150,734
Add. paid-in capital	1,261,691	1,282,040
Retained earnings	8,578,484	6,490,610
Treasury stock	(66,429)	(66,429)
Total Liabilities & Shareholders' Equity	\$ 18,546,710	\$ 11,923,205

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	12.23	11.24
%Net Income to Sales	5.76	5.44
%Net Income to Equity	20.90	20.02
Sales to Inventories	5.41	7.20
Debt to Equity	0.19	0.28
Working Capital	\$7,422,286	\$5,858,489
Current Ratio	2.16	2.89
Shareholders' Equity	\$9,955,179	\$7,856,955

J.P. Stevens & Co., Inc.

Stevens Tower
1185 Avenue of the Americas
New York, New York 10036
(212) 290-2000

Officers: Whitney Stevens, chairman of the board & chief executive officer; Ward Burns, vice chairman; Marvin B. C.N.W. president; David M. Tray, vice chairman-exec. comm.; Thomas C. Durst, v.p.-human resources; R. Bruce Zerman, controller; Robert E. Mitchell, gen. counsel; John W. Wagner, v.p. and treasurer; John J. Zerrener, financial v.p.; Margaret T. Huiz, secretary.

Directors: Ward Burns*, E. Virgil Conway, Alester G. Furman, III, Whitney Stevens*, Sidney J. Weinberg, Jr., Henry Ponder, James B. Edwards, Wilson E. Wearn, Buck Michel, David M. Tracy*, Marvin B. Crow*, John J. Zerrener*.

* Member of the Executive Committee.

Business Activities: The apparel fabrics segment produces greige fabrics for converters, spun yarn and some elastomeric

The Stride Rite Corporation

fabrics; The home fashion textiles segment produces fabrics using primarily cotton and man-made fibers or a combination of both. Products include, among others, sheets, bedroom accessories, towels and carpet, comforters, bedspreads, bath rugs, kitchen terry and table linens, as well as curtain and drapery fabrics. Industrial products include fabrics for automotive headliners, molded automotive floor coverings, roofing materials, pond liners, filtration fabrics, insect screening, and similar products.

Trademarks and/or Brand Names: Gullistan, Utica, Cotton-Cale, Pipeline, Soft'n Vivid, Majesta, Tastemaker, Forsmann, Pizchum, Luminaries, Embraceable, Consensus, Ultra Touch, Alure II, Laura Ashley, Ralph Lauren, Eileen West, Collier Campbell, Bob Burger, Gloria Vanderbilt, Pierre Cardin, Garfield, Garan, Sesame Street, Alliance.

Plant Locations: North Carolina (26); South Carolina (24); Virginia (6); Tennessee (3); Alabama, Georgia, Kentucky, Massachusetts, Michigan.

Divisions:

Sheets & Bedroom Accessories Division
Terry, Bath & Kitchen Products Division
Industrial Fabric Division
Converter Fabrics & Yarn Division
International Division
Stevens Carpet
Stevens AutoProducts
Stevens Elastomers

Subsidiaries:

Gloria Vanderbilt, Inc.
Ralph Lauren Home Furnishings, Inc.
Stevens Aviation, Inc.
Stevens Inc.
Stevens Direct Marketing, Inc.
Courier Graphics
J.P. Stevens & Co. (Canada) Ltd.
J.P. Stevens (Deutschland) G.m.b.H.
J.P. Stevens & Co., Limited (Great Britain)

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007-2192

Stock Exchange(s): New York

Ticker Symbol: STN

Sales and Earnings		
	Net Sales † (000's)	Net Income (000's)
1986	\$ 1,671,900	\$ 53,700
1985	1,698,300	(15,500)
1984*	1,865,500	22,000
1983	1,687,200	18,900
1982	1,597,600	22,300
	No. of Com. Shares	Earn. per Share ‡
1986	17,106,669	\$ 3.01
1985	17,432,697	—
1984*	17,482,260	1.23
1983	18,257,224	1.09
1982	14,465,963	1.54

(Loss)

* 53 weeks

† Based on the weighted average number of shares outstanding.

Revenues By Line of Business (000's)		
	1986	1985
Home fashion textiles	\$ 888,252	\$ 694,237
Apparel fabrics	390,233	638,387
Industrial prods.	335,738	325,056
Aviation & other	57,648	40,604
Total	\$ 1,671,871	\$ 1,698,284

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.20	—	—
1985	1.20	—	—

1984	1.20	—	—
1983	1.20	—	—
1982	1.20	—	—
Common Stock Equity			
	Total Equity (000's)	Equity Per Share	
1986	\$ 502,700	\$ 29.39	
1985	501,800	28.79	
1984	539,100	30.84	
1983	561,000	30.73	
1982	487,200	33.68	

Income Account *		
	11/1/86	11/2/85
Year ended		
Net sales	\$ 1,671,871	\$ 1,698,284
Cost of sales	1,396,682	1,455,689
Expenses	166,997	147,125
Other income	(6,499)	(7,133)
Interest expense	20,654	28,769
Costs of restruc.	—	130,740
Income (loss) bef. taxes	\$ 94,037	\$ (56,906)
Inc. taxes (credit)	40,350	(22,136)
Inc. (loss) - cont. oper.	\$ 53,687	\$ (34,770)
Inc. - discount oper.	—	19,277
Net Income (Loss)	\$ 53,687	\$ (15,493)

* Included in Costs and Expenses. Depreciation: \$39,397,000 in 1986 and \$46,739,000 in 1985.

Assets (000's)		
As of	11/1/86	11/2/85
Cash	\$ 8,045	\$ 9,650
Short-term invest.	45,000	123,362
Receiv., net	287,063	318,206
*Inventories	235,490	265,968
Net assets - discount oper.	—	40,246
Deferred tax benefits	21,592	49,258
Other curr. assets	7,607	8,371
Current Assets	\$ 604,797	\$ 815,061
Fixed assets	294,857	351,756
Other assets & defer. changes	61,404	33,521
Total Assets	\$ 961,058	\$ 1,200,338
Liabilities (000's)		
Long-term debt, curr.	\$ 20,235	\$ 19,425
Accts. payable	76,649	84,471
Accruals	97,595	70,561
Accrued restruc. costs	12,491	106,479
Income & other taxes	13,408	70,593
Curr. Liabilities	\$ 220,378	\$ 351,529
Long-term debt	114,659	218,525
Oblig. under capital leases	9,114	10,228
Deferred pension plan credit	68,258	78,055
Deferred credits & other liabilities	45,964	40,194
+ Common stock	154,779	140,725
Add. paid-in capital	174,946	133,687
Retained earnings	288,084	255,878
Treasury stock	(115,124)	(27,783)
Total Liabilities & Shareholders' Equity	\$ 961,058	\$ 1,200,338

* At lower of cost (LIFO) or market.

† Less accumulated depreciation.

+ \$7.50 par value.

Statistical Summary		
	1986	1985
%Income bef. Taxes to Sales	5.62	—
%Net Income to Sales	3.21	—
%Net Income to Equity	10.68	—

Sales to Inventories	7.10	6.39
Debt to Equity	0.29	0.49
Working Capital	\$384,419,000	\$463,532,000
Current Ratio	2.74	2.32
Shareholders' Equity	\$502,685,000	\$501,807,000

The Stride Rite Corporation

5 Cambridge Center
Cambridge, Massachusetts 02142
(617) 491-8800

Officers: Arnold Hiatt, chairman, president & chief exec. officer; John J. Phelan, exec. v.p. & treasurer; Irwin Miller, exec. v.p. & pres.-The Children's Group; Marcia C. Morris, v.p., general counsel, secretary & clerk; John M. Kelliher, corp. controller; William E. Dawson, asst. treasurer; Mark J. Cocozza, pres.-Sperry Top-Sider, Inc.; J. Tom Harrison, pres.-The Keds Corporation; Charles W. Holmes, pres.-Joseph M. Herman Shoe Company, Inc.

Directors: Arnold Hiatt, chairman of the board; Herbert H. Goldberger, John J. Phelan, Robert S. Pirie, Walter J. Salmon, Myles J. Slosberg, Joel E. Smilow.

Business Activities: Manufactures and markets children's footwear under the names Stride Rite, Keds and Zips; boasting and recreational shoes and adult work boots and shoes under the names Sperry, Sperry Top-Sider, Herman and Herman Survivors; and casual and athletic footwear for children and adults under the names Keds, Pro-Keds and Grasshoppers. These products are sold through independent retail shoe stores, department stores, sporting good stores and marinas, as well as through its Stride Rite Bootery and Overland Trading Company stores, and leased space in department stores.

Trademarks and/or Brand Names: Stride Rite, Zips, Sperry, Sperry Top-Sider, Herman, Herman Survivors, Keds, Pro-Keds, Grasshoppers.

Plant Locations: Boston, Brockton, Lawrence, New Bedford, Massachusetts; Scarborough, Maine; Tipton, Fulton, Hamilton, Missouri; Haiti; Puerto Rico.

Subsidiaries:

Joseph M. Herman Shoe Company, Inc.
The Keds Corporation
Sperry Top-Sider, Inc.
Stride Rite Footwear, Inc.
Stride Rite International, Ltd.
Stride Rite Retail Corp.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: SRR

Sales and Earnings		
	Net Sales	Net Income †
1986	\$ 283,457,000	\$ 17,014,000
1985	277,310,000	11,178,000
1984	289,489,000	5,420,000
1983	301,698,000	16,803,000
1982	224,814,000	11,365,000
	No. of Com. Shares	Earn. per Share ‡
1986	7,532,000	\$ 2.25
1985	7,529,000	1.49
1984	7,495,000	0.72
1983	7,495,000	2.35
1982	6,338,000	1.80

† Including extraordinary gain of \$489,000 (\$0.07 per share) in 1985.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—

The Stride Rite Corporation

1984	0.80	—	—
1983	0.72	—	—
1982	0.67	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 122,729,000	\$ 16.29
1985	111,526,000	14.81
1984	105,674,000	14.10
1983	105,983,000	14.14
1982	63,455,000	10.01

Income Account *

Year ended	11/28/86	11/29/85
Net sales	\$ 283,457,000	\$ 277,310,000
Cost of sales	158,127,000	164,549,000
Expenses	99,048,000	96,419,000
Invest. income	(1,884,000)	(3,255,000)
Interest expense	1,137,000	1,991,000
Other expense (income)	(501,000)	54,000
Income before taxes	\$ 27,630,000	\$ 17,552,000
Income taxes	10,616,000	6,863,000
Net Income	\$ 17,014,000	\$ 10,689,000
Extrord. gain	—	489,000
Net Income & extrord. gain	\$ 17,014,000	\$ 11,178,000

* Included in Costs and Expenses, Depreciation and Amortization: \$4,361,000 in 1986 and \$4,153,000 in 1985.

Assets

As of	11/28/86	11/29/85
Cash & cash equiv.	\$ 17,921,000	\$ 13,370,000
Marketable securities	15,485,000	28,103,000
Accts. receiv., net	48,203,000	45,873,000
*Inventories	70,549,000	53,601,000
Deferred inc. taxes	8,899,000	7,539,000
Prepaid expenses	6,447,000	6,385,000
Current Assets	\$ 167,504,000	\$ 154,871,000
#Fixed assets	21,584,000	22,793,000
Other assets	3,348,000	1,792,000
Intangibles	1,926,000	2,017,000
Total Assets	\$ 194,362,000	\$ 181,473,000

Liabilities

Long-term debt, curr.	\$ 990,000	\$ 2,096,000
Accts. payable	23,064,000	21,596,000
Accruals	25,571,000	23,235,000
Curr. Liabilities	\$ 49,625,000	\$ 46,927,000
Long-term debt	9,745,000	12,603,000
Deferred inc. taxes	12,263,000	10,417,000
+ Common stock	7,603,000	7,603,000
Add. paid-in capital	30,301,000	30,112,000
Retained earnings	85,266,000	74,276,000
Treasury stock	(441,000)	(465,000)
Total Liabilities & Shareholders' Equity	\$ 194,362,000	\$ 181,473,000

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.75	6.33
%Net Income to Sales	6.00	3.85
%Net Income to Equity	13.86	9.58
Sales to Inventories	4.02	5.17
Debt to Equity	0.09	0.13
Working Capital	\$117,879,000	\$107,944,000
Current Ratio	3.38	3.30
Shareholders' Equity	\$122,729,000	\$111,526,000

Suave Shoe Corporation

14100 Northwest 60th Avenue
Miami Lakes, Florida 33014
(305) 822-7880

Officers: David Egozi, chairman of the board, president & chief executive officer; Eugene D. Ramos, sr. v.p. & gen. mgr., shoe mfg. div.; Solomon Garazi, sr. v.p.-shoe import div.; Saul Ginzburg, v.p.-merchandising & sales, shoe import div.; Luis Arizurieta, v.p.-finance & administration, shoe import div.; Pedro Mirones, secretary, treasurer & asst. gen. mgr.-shoe manufacturing division; Carlos Alvarado, v.p.-management information systems, shoe mfg. div.; Francisco Liaca, v.p.-mktg., shoe import div.; Luis Egozi, v.p.-marketing-shoe manufacturing div.; Sergio Echeverria, v.p.-finance & controller, shoe mfg. div.; Jose Marroquin, asst. secretary.

Directors: David Egozi*, chairman; Solomon Garazi*, Saul Ginzburg, Charles Dascal, E. Moulton Prussing, Larry J. Hoffman, Joel Newman, Luis Egozi.

* Member of the Executive Committee.

Business Activities: Manufactures, designs, imports and markets unbranded and private label men's, boys', women's and girls' athletic and leisure footwear.

Plant Locations: Miami Lakes, Florida

Divisions and Subsidiaries:

Shoe Manufacturing Division

Rainbow Footwear Corporation
Florida Coating Industries Corporation

Shoe Import Division

Oriental Trading Corporation
Shoe Supply, Inc.
Universe Shoe Corporation of Florida

Transfer Agent(s):

Southeast Bank, N.A.
P.O. Box 014078
Miami, Florida 33101

Stock Exchange(s): New York

Ticker Symbol: SVW

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 75,351,000	\$ 2,623,000
1985	84,023,000	(5,440,000)
1984	96,430,000	(256,000)
1983	111,522,000	2,031,000
1982	121,871,000	6,654,000
	No. of Com. Shares	Earn. per Share ‡†
1986	2,637,170	\$ —
1985	2,637,170	—
1984	2,637,170	—
1983	2,823,873	0.69
1982	3,065,773	2.06

(Loss)

† Including extraordinary gain of \$228,000 (\$0.09 per share) in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	0.225	—	—
1983	0.30	—	—
1982	0.30	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 26,240,000	\$ 9.95
1985	23,617,000	8.96

1984	29,037,000	11.02
1983	31,467,000	11.14
1982	32,456,000	10.59

Income Account *

Year ended Sept. 30	1986	1985
Net sales	\$ 75,351,000	\$ 84,023,000
Cost of sales	60,113,000	76,023,000
Expenses	10,144,000	14,606,000
Interest & finance exp.	766,000	1,672,000
Interest income	(178,000)	(18,000)
Loss on disposition	—	2,224,000
Income (loss) bef. taxes	\$ 4,506,000	\$ (10,284,000)
Income taxes (credit)	2,240,000	(4,733,000)
Eq. in inc. of affil.	(129,000)	(111,000)
Net Income (Loss)	\$ 2,395,000	\$ (5,440,000)
Extrord. gain	228,000	—
Net Income (Loss) & extrord. gain	\$ 2,623,000	\$ (5,440,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,203,000 in 1986 and \$1,980,000 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	\$ 10,697,000	\$ 1,513,000
Accts. receiv., net	15,341,000	13,260,000
Inc. tax refund receiv.	—	4,460,000
*Inventories	7,616,000	12,321,000
Prepaid exp. & assets	480,000	410,000
Current Assets	\$ 34,134,000	\$ 31,964,000
Investments & adv.	1,933,000	1,796,000
#Fixed assets	5,435,000	7,279,000
Other assets	996,000	886,000
Total Assets	\$ 42,498,000	\$ 41,925,000

Liabilities

Notes payable	\$ —	\$ 2,525,000
Long-term debt, curr.	141,000	1,086,000
Accts. payable	1,465,000	2,149,000
Inc. taxes payable	1,901,000	—
Accruals	3,437,000	2,098,000
Accrued payroll	1,610,000	1,049,000
Curr. Liabilities	\$ 8,554,000	\$ 8,907,000
Long-term debt	41,000	362,000
Conv. debt, 5%	5,145,000	5,354,000
Deferred inc. taxes	218,000	1,491,000
Deferred comp.	2,300,000	2,019,000
Minority interest	—	175,000
+ Common stock	36,000	36,000
Add. paid-in capital	7,189,000	7,189,000
Retained earnings	26,113,000	23,490,000
Treasury stock	(7,098,000)	(7,098,000)
Total Liabilities & Shareholders' Equity	\$ 42,498,000	\$ 41,925,000

* At lower of cost (primary LIFO) or market.
Less accumulated depreciation.
+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.98	—
%Net Income to Sales	3.18	—
%Net Income to Equity	9.13	—
Sales to Inventories	9.89	6.82
Debt to Equity	0.01	0.17
Working Capital	\$25,580,000	\$23,057,000
Current Ratio	3.99	3.59
Shareholders' Equity	\$26,240,000	\$23,617,000

Superior Surgical Mfg. Co., Inc.

Seminole Blvd. at 100th Terrace
P.O. Box 4002
Seminole, Florida 33542
(813) 397-9611

Officers: Gerald M. Benstock, chairman of the board, chief exec. officer & president; Saul Schechter, Alan D. Schwartz, executive v.p.'s; Robert M. Green, Irving Weisman, Spencer P. Cohen, Anne Fassin, Nathan L. Bolkin, Michael Benstock, v.p.'s; John W. Johansen, sr. v.p., treasurer & chief financial officer; Earl Marvin, secretary.

Directors: Gerald M. Benstock*, Saul Schechter*, Earl Marvin*, Donald H. Wheeler, Alan Schwartz*, Michael Benstock*.

* Member of the Executive Committee.

Business Activities: Engaged in the production and sale of career apparel, industrial apparel, work clothes, medical and service uniforms and miscellaneous, directly related products, such as embroidered emblems, operating room masks, patient aids and laundry bags.

Trademarks and/or Brand Names: Fashion Seal/Shane Uniforms, Worklon, Fashion Seal Disposables, Universal Cottons, Hallmark Emblems, Kaufman's Uniforms, Martin's Uniforms, Lamar Uniforms, Appel + Brooks + Webber Uniforms, d'Armigene, Tiffany Uniforms, Versa Drape, Gap Wrap.

Plant Locations: Eudora, Lake Village, McGeehe & Hamburg, Arkansas; Leesburg & Adel, Georgia; Blountstown, Hernando & Tampa, Florida; Yazoo City & Lexington, Mississippi; Delhi, Louisiana; New York, New York.

Divisions and Subsidiaries:

Universal Cottons
Eudora, Arkansas

Shane Uniforms
Cynthiana & Evansville, Indiana

Fashions Seal Uniforms
Lake Village, Eudora & McGeehe, Arkansas
Leesburg, Georgia

Fashion Seal Disposables
Lake Village, Arkansas

Martin's Uniforms
Tampa & St. Petersburg, Florida
Kenner, Louisiana
Memphis, Tennessee
Atlanta, Georgia
San Antonio, Texas

Worklon Uniforms
McGeehe, Arkansas

Lamar Uniforms
Miami, Florida

Appel Uniforms
New York, New York

D'Armigene

Superior Surgical International

Transfer Agent(s):
Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: SGC

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 96,199,750	\$ 3,645,120
1985	98,540,419	4,027,123
1984	86,816,735	3,503,111
1983	83,785,884	2,905,081
1982	81,087,610	2,228,196
	No. of Com. Shares	Earn. per Share #
1986	2,439,787	\$ 1.50
1985	2,431,112	1.66

1984	2,430,162	1.44
1983	2,430,162	1.20
1982	2,429,662	0.92

Based on the weighted average number of shares outstanding.

Common Stock		
	Cash Dividend	Stock Dividend
1986	\$0.40	—
1985	0.36	—
1984	0.32	—
1983	0.25	—
1982	0.24	—

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 36,506,444	\$ 14.96
1985	33,732,315	13.88
1984	30,568,900	12.58
1983	27,843,441	11.46
1982	25,544,338	10.51

Income Account *		
Year ended Dec. 31	1986	1985
Net sales	\$ 96,199,750	\$ 98,540,419
Cost of sales	67,496,807	69,357,208
Expenses	20,869,995	20,692,236
Interest expense	977,828	1,223,852
Inc. bef. taxes	\$ 6,855,120	\$ 7,267,123
Income taxes	3,210,000	3,240,000
Net Income	\$ 3,645,120	\$ 4,027,123

* Included in Costs and Expenses, Depreciation and Amortization: \$1,225,650 in 1986 and \$1,089,892 in 1985.

Assets		
As of Dec. 31	1986	1985
Cash	\$ 684,831	\$ 616,305
Accts. receiv., net	16,423,279	17,629,204
*Inventories	24,383,334	24,104,175
Prepaid expenses	643,337	506,253
Current Assets	\$ 42,136,781	\$ 42,855,937
*Fixed assets	11,391,537	10,836,284
Other assets	437,858	567,759
Intangibles	881,475	888,483
Total Assets	\$ 54,847,651	\$ 55,148,463

Liabilities		
	1986	1985
Long-term debt, curr.	\$ 757,519	\$ 820,247
Accts. payable	5,176,848	7,060,150
Accruals	2,279,992	2,733,783
Income taxes	431,124	73,725
Curr. Liabilities	\$ 8,645,483	\$ 10,687,905
Long-term debt	8,395,724	9,653,243
Deferred inc. taxes	1,300,000	1,075,000
+ Common stock	2,439,787	2,431,112
Add. paid-in-capital	2,779,120	2,684,780
Retained earnings	31,287,537	28,616,423
Total Liabilities & Shareholders' Equity	\$ 54,847,651	\$ 55,148,463

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary		
	1986	1985
%Income bef. Taxes to Sales	7.13	7.37
%Net Income to Sales	3.79	4.09
%Net Income to Equity	9.98	11.95
Sales to Inventories	3.94	4.09
Debt to Equity	23.00	0.31
Working Capital	\$33,491,298	\$32,168,032
Current Ratio	4.87	4.01
Shareholders' Equity	\$36,506,444	\$33,732,315

Talley Industries, Inc.

2702 North 44th Street
Phoenix, Arizona 85008
(602) 957-7711

Officers: William H. Mallender, chairman & chief executive officer; Jack C. Crim, president & chief operating officer; Donald L. Corey, v.p.-corp. development; Daniel R. Mullen, treasurer; Edward T. Ryan, Jr., Richard H. Allen, Thomas A. Dickey, v.p.'s-operations; William E. Bonnell, dir.-human resources; Lonnie D. Schnell, dir.-internal audit; Arthur M. Squicciarini, dir.-operations; Mark S. Dickerson, general counsel & secretary; Kenneth May, controller.

Directors: William H. Mallender*, chairman; Townsend W. Hoopes, John D. MacNaughton, Jr., Emiel T. Nielsen, Jr., Thomas F. Reddy, Jr., John C. Robinson*, Fred G. Schaller, Wesley A. Stanger, Jr., John W. Stodder, Oliver R. Grace, Jr., William B. Bolton, Hubert T. Mandeville, Alex Stamatidis, David Victor, Jack C. Crim.

* Member of the Executive Committee.

Business Activities: The Apparel Group imports women's and men's wearing apparel which consists primarily of knitted sportswear, sweaters and shirts. Sales are under both private labels and Company tradenames. Commercial Group products include finished clocks and watches, humidistats, consumer air and water purification systems, automobile clocks, clock-radio timers, and molded plastic parts. The Government & Technical Group includes products such as ballistic devices, aircraft escape systems, on-board aircraft data acquisition systems, fault indicators, high-voltage ceramic insulators, and automated welding systems. The Realty Group operates in the Greater Phoenix area, engaged in the sale of land to developers for commercial and residential development.

Apparel Trademarks & Brandnames: Andrew St. John, Andriano, McGregor, Botany, Botany 500, Measure Up, Adornance, and Bay Trading Company.

Apparel Divisions, Subsidiaries & Affiliates:

Adornance Company, Inc.
1370 Broadway
New York, New York 10018
(212) 244-8490

Adornance Company (Canada), Ltd.
Montreal, Canada

Adornance Company (Hong Kong), Ltd.
Kowloon, Hong Kong

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
P.O. Box 711267
Los Angeles, California 90071

Stock Exchange(s): New York

Ticker Symbol: TAL

Sales and Earnings		
	Net Sales +	Net Income #
12/31/86	\$ 345,572,000	\$ 13,850,000
12/31/85	316,043,000	12,014,000
12/31/84	306,478,000	10,474,000
12/31/83*	210,833,000	6,713,000
3/31/83	264,109,000	8,190,000
	No. of Com. Shares	Earn. per Share †‡
12/31/86	7,293,000	\$ 1.73
12/31/85	5,944,000	1.51
12/31/84	5,925,000	1.30
12/31/83*	5,951,000	0.83
3/31/83	5,941,000	1.12

* 9 months.
+ Of continuing operations only.
‡ Including extraordinary gain of \$2,762,000 (\$0.38 per share) in the year ending Mar. 31, 1983.
† Based on the average number of shares outstanding.

Revenues By Line of Business (000's)		
	12/31/86	12/31/85
Clocks & watches	\$ 96,435	\$ 94,497
Apparel	63,820	61,273

Talley Industries, Inc.

Specialty prods.	41,395	36,665
Government prods.	140,191	123,608
& services	3,731	—
Realty	—	—
Total	\$ 345,572	\$ 316,043

Common Stock Equity

	Total Equity *	Equity Per Share
12/31/86	\$ 105,935,000	\$ 14.53
12/31/85	73,398,000	12.35
12/31/84	63,479,000	10.71
12/31/83	56,046,000	9.42
3/31/83	49,832,000	8.39

* After allowing for preferred stock at total involuntary liquidation preference value.

Income Account *

Year ended Dec. 31	1985	1985
Net sales	\$ 345,572	\$ 316,043
Cost of sales	251,199	225,301
Expenses	73,731	72,609
Other income	(16,206)	(13,767)
Interest expense	19,245	12,368
Interest capitalized	(4,257)	(476)
Income before taxes	\$ 21,860	\$ 20,008
Income taxes	8,010	7,994
Net Income	\$ 13,850	\$ 12,014

* Included in Costs and Expenses, Depreciation and Amortization: \$10,147,000 in 1986 and \$8,583,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 3,173	\$ 2,527
Marketable securities	1,255	1,200
Accts. receiv., net	86,976	62,616
*Inventories	152,243	118,903
Deferred inc. taxes	—	1,043
Prepaid expenses	3,517	2,633
Current Assets	\$ 247,164	\$ 188,922
Long-term receiv.	18,273	22,119
#Fixed assets	79,176	69,589
Defer. charges & other assets	22,969	5,445
Intangibles	17,024	16,543
Total Assets	\$ 384,606	\$ 302,618

Liabilities

	1986	1985
Notes payable	\$ 4,111	\$ 15,000
Long-term debt, curr.	18,174	6,044
Realty debt	12,161	7,779
Accts. payable	22,767	16,512
Accruals	20,484	22,206
Deferred income taxes	3,041	—
Current Liabilities	\$ 80,738	\$ 67,541
Long-term debt	141,397	107,995
Deferred inc. taxes	16,329	9,946
Other liabilities	5,095	8,565
+ Preferred stock:		
Series A	85	87
Series B	1,649	1,650
+ + Common stock	7,293	5,944
Add. paid-in capital	65,545	44,821
For. curr. trans. adj.	(657)	(622)
Retained earnings	67,132	56,691
Total Liabilities & Shareholders' Equity	\$ 384,606	\$ 302,618

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$1 par value, cumulative convertible.
+ + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.33	6.33
%Net Income to Sales	4.01	3.80
%Net Income to Equity	9.82	11.07
Sales to Inventories	2.27	2.66
Debt to Equity	1.00	1.09
Working Capital	\$166,426,000	\$121,381,000
Current Ratio	3.06	2.80
Shareholders' Equity	\$141,047,000	\$108,571,000

TochKnits, Inc.

10 Grand Avenue
Brooklyn, New York 11211
(718) 875-3299

Officers: Simon Taub, chairman, president & chief exec. officer; Moshe Taub, v.p., treasurer & chief financial accounting officer; Mark Terkeltaub, v.p. & secretary; Yevgeniy Galpert, Samuel Beilus, William Kisinovich, Moshe Katz, vice presidents.

Directors: Simon Taub, chairman; Moshe Taub, Mark Terkeltaub, Edwin Schwimmer, Harvey Sealowsky.

Business Activities: Designs, manufactures and distributes medium-priced women's knitted apparel, including sweaters, skirts, pants and activewear sets, which it sells to multi-unit specialty chains on an exclusive basis.

Plant Location: Brooklyn, New York.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York

Stock Exchange(s): Philadelphia, Over-the-Counter

Ticker Symbol(s): KNT (Philadelphia); KNIT (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 7,255,000	\$ 720,000
1985	5,046,000	420,000
1984	2,769,000	314,000
1983	2,089,000	218,000
1982	1,029,900	38,000

No. of Com. Shares Earn. per Share ‡

1986	4,000,000	\$ 0.18
1985	4,000,000	0.11
1984	4,000,000	0.08
1983	4,000,000	0.05
1982	4,000,000	0.01

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 1,935,000	\$ 0.48
1985	1,225,000	0.31
1984	810,000	0.20
1983	495,000	0.12
1982	284,000	0.07

Income Account *

Year ended Feb. 28	1987	1986
Net sales	\$ 7,254,843	\$ 5,045,676
Cost of sales	5,270,488	4,001,885
Expenses	396,654	317,485
Depreciation	200,581	168,588
Interest expense	173,700	53,340
Income before taxes	\$ 1,213,420	\$ 504,378
Income taxes	492,971	84,203
Net Income	\$ 720,449	\$ 420,175

Assets

As of Feb. 28	1987	1986
Cash	\$ 4,769	\$ 30,314
Cert. of deposit	797,564	749,451
Accts. receiv., net	97,739	90,038
Accrued interest receiv.	4,957	10,869
*Inventories	826,653	149,032
Current Assets	\$ 1,731,682	\$ 1,029,704
#Fixed assets	1,703,000	1,639,700
Loans receivable	97,201	253,703
Deposit on machine purch.	35,000	10,000
Deferred underwriting costs	30,000	—
Other assets	829	5,470
Total Assets	\$ 3,597,712	\$ 2,938,577

Liabilities

Notes payable	\$ 144,217	\$ 441,049
Loan payable	24,000	24,000
Accts. payable	720,896	845,662
Accruals & taxes payable	36,066	47,282
Income taxes	500,831	99,364
Dividends payable	10,000	5,000
Current Liabilities	\$ 1,436,010	\$ 1,462,357
Long-term debt	226,342	251,309
+ Common stock	4,000	4,000
Add. paid-in capital	38,501	38,501
Retained earnings	1,892,859	1,182,410

Total Liabilities & Shareholders' Equity \$ 3,597,712 \$ 2,938,577

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.73	10.00
%Net Income to Sales	9.93	8.33
%Net Income to Equity	37.23	34.30
Sales to Inventories	8.78	33.86
Debt to Equity	0.20	0.58
Working Capital	\$ 295,672	—
Current Ratio	1.21	—
Shareholders' Equity	\$1,935,360	\$1,224,911

Texfi Industries, Inc.

400 English Road
Rocky Mount, North Carolina 27801
(919) 443-5001

Officers: L. Terrell Sovey, Jr., chairman of the board, president & chief executive officer; Michael A. Miller, v.p.-finance & treasurer; Braxton Schell, secretary.

Directors: Joseph H. Hamilton, L. Terrell Sovey, Jr., Braxton Schell, James H. Styers, F.B. Weaver, Michael A. Miller, John S. Rainey.

* Member of the Executive Committee.

Business Activities: Manufactures and markets various textile products, including woven finished fabrics for the apparel industry, cotton and cotton blend yarns used in the hosiery and knitting trade through Highland Yarn Mills, cotton and blended greige fabrics for the home furnishing and apparel industry through Marion Fabrics, and knitted elastic narrow fabric through its Elastex operation. The Company operates six plants in North Carolina, and sales offices throughout the nation.

Plant Location(s): Rocky Mount, Fayetteville, Marion, High Point, Bladenboro, and Asheboro, North Carolina.

Divisions and Subsidiaries:

Highland Yarn Mills, Inc.
239 Mill Street
High Point, North Carolina 27660
Manufactures cotton and cotton blend yarns in hosiery, knitted undergarments and active apparel.

Marion Fabrics, Inc.
700 Baldwin Avenue
Marion, North Carolina 28752
Manufactures greige (unfinished) cotton and cotton blend fabric used by the apparel and home furnishings markets.

Woven Finished Fabrics Division
400 English Road
Rocky Mount, North Carolina 27804

Elastex, Inc.
328 Central Avenue
Asheboro, North Carolina 27204

Produces knitted narrow elastic fabric for apparel, automotive and medical applications.

Transfer Agent(s):
First Union National Bank
Charlotte, North Carolina

Bankers Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: TXF

Sales and Earnings		
	Net Sales	Net Income†
1986	\$ 85,046,000	\$ 142,000
1985	109,111,000	5,143,000
1984	119,672,000	(13,316,000)
1983	152,276,000	2,028,000
1982	124,216,000	(4,681,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1986	4,176,812	\$ 0.03
1985	3,521,863	1.46
1984	3,480,246	—
1983	3,490,879	0.58
1982	3,445,197	—

(Loss)
† Including extraordinary gains of \$475,000 (\$0.11 per share) in 1986 and \$4,741,000 (\$1.35 per share) in 1985.
‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 11,539,000	\$ 1.98
1985	5,966,000	1.61
1984	41,000	0.01
1983	13,353,000	3.84
1982	11,234,000	3.26

Income Account *		
	(000's)	
Year ended	10/31/86	11/1/85
Net sales	\$ 85,046	\$ 109,111
Cost of sales	75,430	98,137
Expenses	5,526	6,510
Interest expense	3,541	3,825
Other charges (income)	84	(767)
Loss on clos. facility	323	1,236
Gain on repurch. of debent.	—	(621)
Income bef. taxes	\$ 142	\$ 791
Income taxes	475	389
Net Income (Loss)	\$ (333)	\$ 402
Extraord. gain	475	4,741
Net Income & extraord. gain	\$ 142	\$ 5,143

* Included in Costs and Expenses, Depreciation and Amortization: \$1,757,000 in 1986 and \$2,998,000 in 1985.

Assets		
	(000's)	
As of	10/31/86	11/1/85
Cash	\$ 815	\$ 1,015
Receiv., net	13,486	9,468

*Inventories	14,710	10,920
Prepaid expenses	330	135
Current Assets	\$ 29,341	\$ 21,538
#Fixed assets	22,087	17,521
Defer. charges & other charges	1,099	1,252
Total Assets	\$ 52,527	\$ 40,311

Liabilities		
	(000's)	
Long-term debt., curr.	\$ 1,753	\$ 1,048
Notes payable	1,000	—
Accts. payable	10,789	9,490
Accrued liab. for clos. facil.	—	415
Other liabilities	3,109	2,336
Curr. Liabilities	\$ 16,651	\$ 13,289
Long-term debt	10,532	7,251
11 1/4% debentures	10,738	10,738
4 1/4% debentures	3,067	3,067
+ Common stock	5,830	3,695
Add. paid-in capital	26,889	23,593
Retained earnings (deficit)	(21,180)	(21,322)
Total Liabilities & Shareholders' Equity	\$ 52,527	\$ 40,311

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	0.17	0.72
%Net Income to Sales	—	0.37
%Net Income to Equity	—	6.74
Sales to Inventories	5.78	9.99
Debt to Equity	1.06	1.39
Working Capital	\$12,690,000	\$8,249,000
Current Ratio	1.76	1.62
Shareholders' Equity	\$11,539,000	\$5,966,000

Thomaston Mills, Inc.

(formerly Thomaston Cotton Mills)

P.O. Box 311
Thomaston, Georgia 30286
(404) 647-7131

Officers: Neil H. Hightower, president & chief exec. officer; O.R. Lewis, sr. v.p.-director of sales; H. Stewart Davis, exec. v.p.-finishing; Harry W. Ormand, Jr., v.p.-finishing; W. Harrison Hightower, III, v.p.-administration; John R. Carson, v.p.-household sales; John M. Ormand, v.p.-mfg.; Thomas J. Slade, Jr., v.p.-raw material purchases; George H. Hightower, Jr., exec. v.p.-industrial & fabrication sales; Garner M. Ellerbee, secretary; Rosser R. Raines, treasurer; Robert E.L. Greene, v.p.-engineering; Seth R. Sargent, v.p.-industrial relations.

Directors: Thomas D. Adams, Jr., Julian T. Hightower*, William H. Hightower, Jr., George H. Hightower*, Jerry Williamson, George H. Hightower, Jr., H. Stewart Davis, Will B. Plowden, Don H. Wyant, Julian H. Roberts, Neil H. Hightower*.

* Member of the Executive Committee.

Business Activities: Produces apparel fabrics, including denims, twills, and other heavy weight corded fabrics; finishes fabrics for itself and other manufacturers, including shirting corduroy and industrial fabrics finishing; styles and sells sheets. Trade names of sheets and pillowcases are "American Mood", "New Era", "Tender Rest", "Pedigree", "Page", "Tavern", "Pilgrim", and "Firebird". Produces industrial cotton, synthetic or blend fabrics, ducks, chafers, satens and twills, industrial sewing thread, twines, knitting and weaving yarns, wideawebbing, and fabricated sporting goods specialties.

Plant Location(s): Thomaston, Griffin & Zebulan, Georgia.

Transfer Agent(s):

The Citizens and Southern National Bank
Stock Transfer Department
P.O. Box 105555
Atlanta, Georgia 30348

Stock Exchange(s): Over-the-Counter

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 139,062,869	\$ (1,046,636)
1985	132,494,655	(161,938)
1984	145,431,576	2,883,014
1983	122,869,174	519,463
1982*	119,682,845	971,597
	No. of Com. Shares	Earn. per Share ‡
1986	821,489	\$ —
1985	821,489	—
1984	821,489	3.51
1983	821,489	0.63
1982*	821,489	1.18

(Loss)

* 53 weeks.

‡ Based on the weighted average number of common shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.00	—	—
1985	1.00	—	—
1984	0.95	—	—
1983	0.80	—	—
1982	1.10	—	—

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 46,520,676	\$ 56.63
1985	48,385,801	58.90
1984	49,372,228	60.10
1983	47,269,629	57.54
1982	47,407,357	57.71

Income Account *		
	6/28/86	6/29/85
Net sales	\$ 139,062,869	\$ 132,494,655
Cost of sales	129,422,612	124,240,062
Expenses	9,172,771	8,972,777
Other income	(139,771)	(136,248)
Gain on conversion	—	(865,334)
Other charges	1,653,893	2,048,336
Loss bef. taxes	\$ (1,046,636)	\$ (1,564,938)
Tax credits	—	(1,403,000)
Net Loss	\$ (1,046,636)	\$ (161,938)

* Included in Costs and Expenses, Depreciation: \$7,237,888 in 1986 and \$6,712,989 in 1985.

Assets		
As of	6/28/86	6/29/85
Cash	\$ 842,612	\$ 886,886
Accts. receiv., net	23,576,924	22,414,680
*Inventories	17,312,789	21,941,710
Refundable income taxes	25,931	468,042
Other assets	819,020	532,873
Current Assets	\$ 42,577,276	\$ 46,244,191
#Fixed assets	32,195,309	30,491,230
Total Assets	\$ 74,772,585	\$ 76,735,421
Liabilities		
Accts. payable	\$ 5,556,614	\$ 3,322,934
Local taxes	391,137	324,534
Payroll taxes	831,694	803,271
Other liabilities	1,669,229	1,619,484
Accrued payroll	2,109,359	2,234,547
Long-term debt, curr. portion	272,828	308,442
Curr. Liabilities	\$ 10,830,861	\$ 8,613,212

Thomaston Mills, Inc.

Equip. note pay.	17,131,965	19,491,325
Deferred inc. taxes	289,083	242,083
+ Common stock	9,367,530	9,367,530
Add. paid-in capital	1,190,798	1,190,798
Retained earnings	38,267,628	40,135,753
Treasury stock	(2,305,280)	(2,305,280)

Total Liabilities & Shareholders' Equity \$ 74,772,585 \$ 76,735,421

* Raw cotton polyester staple and cotton content of finished goods and work in process at cost (LIFO), which is lower than current replacement market. Other inventories at lower of average cost or market.

Less accumulated depreciation.

+ \$10 par value.

Statistical Summary		
Sales to Inventories	8.03	6.04
Debt to Equity	0.49	0.41
Working Capital	\$31,746,415	\$37,630,979
Current Ratio	3.93	5.37
Shareholders' Equity	\$46,520,676	\$48,388,801

Tultex Corporation

P.O. Box 5191
Martinsville, Virginia 24115
(703) 632-2961

Officers: William F. Franck, chairman & chief executive officer; H.R. Hunnicutt, Jr., president & chief operating officer; V.M. Galbo, treasurer; William C. Cole, III, vice president-personnel; D. Shook, v.p.-Finance; W.T. Moore, asst. treasurer; R.F. Nelson, controller; J.M. Franck, v.p.; J.S. Hairfield, v.p.-marketing; B.A. Ratliff, v.p.-operations; C.F. Williams, v.p.-yarn; Marlene B. Lopez, secretary; Marion P. Yeaman, asst. secretary.

Directors: William F. Franck, Richard J. Conroy, Irving M. Groves, Jr., Robert P. Buford, R.M. Simmons, Jr., John M. Tully, J.B. Frith, C. Watson Lawson, H.R. Hunnicutt, Jr., J.M. Franck, V.M. Galbo.

Business Activities: Manufactures fleeced and laminated knit sportswear and casual wear and spun yarns for various markets.

Trademarks and/or Brand Names: Discus, Tultex.

Plant Location(s): Rockingham, Kings Mountain, Roxboro, Mayodan, Spindale, Reidsville, Lowell, North Carolina; Martinsville, South Boston, Roanoke, Chilhowie (2), Bastian, Vesta, Virginia.

Divisions and Subsidiaries:

Marketing Division
Manufacturing Division

Tultex Yarns
P.O. Box 1865
Gastonia, North Carolina 28053
(704) 864-7701

Production and sale of cotton and synthetic yarns.

Tulster Factors Inc.
560 Lexington Avenue
New York, New York 10022
(212) 688-9088
Commercial factoring service.

Transfer Agent(s):

Sovran Bank, N.A.
P.O. Box 26904
Richmond, Virginia 23261

Stock Exchange(s): New York

Ticker Symbol: TTX

Sales and Earnings		
	Net Sales +	Net Income
1986	\$ 326,075,000	\$ 24,140,000
1985	259,579,000	11,911,000
1984	286,269,000	9,720,000
1983	287,974,000	14,550,000
1982	231,700,000	12,609,000

	No. of Com. Shares #	Earn. per Share #
1986	18,208,441	\$ 1.32
1985	18,012,502	0.66
1984	17,988,998	0.54
1983	17,944,486	0.81
1982	17,935,396	0.70

+ Includes other income.

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business (000's)		
	1986	1985
Apparel	\$ 292,004	\$ 235,701
Yarn	34,071	23,878
Total	\$ 326,075	\$ 259,579

Common Stock		
	Cash Dividend ‡	Stock Dividend
1986	\$0.28	—
1985	0.23	—
1984	0.21	—
1983	0.18	—
1982	0.14	—

‡ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity +	Equity Per Share ‡
1986	\$ 105,535,000	\$ 5.80
1985	85,878,000	4.77
1984	78,030,000	4.34
1983	71,347,000	3.98
1982	59,857,000	3.34

+ After allowing for preferred stock at par value.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account * (000's)		
Year ended	11/28/86	11/29/85
Net sales & other income	\$ 326,075	\$ 259,579
Cost of sales	230,702	190,409
Expenses	38,364	34,438
Depreciation	7,893	7,216
Interest expense	4,781	6,732
Income bef. taxes	\$ 44,335	\$ 20,784
Income taxes	20,195	8,873
Net Income	\$ 24,140	\$ 11,911
Assets (000's)		
As of	11/28/86	11/29/85
Cash	\$ 14,892	\$ 4,230
Accts. receiv., net	74,634	67,908
*Inventories	42,583	46,304
Prepaid expenses	1,461	1,061
Current Assets	\$ 133,570	\$ 119,503
Unexpended note proceeds	—	1,379
#Fixed assets	63,833	53,193
Total Assets	197,403	174,075
Liabilities (000's)		
Notes payable	\$ —	\$ 5,000
Long-term debt, curr.	2,624	2,414
Accts. payable	13,235	11,833
Accruals	4,821	3,587

Accrued payroll	15,066	9,737
Dividends payable	1,473	1,091
Income taxes	4,412	555
Current Liabilities	\$ 41,631	\$ 34,217
Long-term debt	37,149	41,768
Deferred income	1,082	441
Deferred inc. taxes	6,552	5,407
Exc. value of assets over cost	4,677	5,542
+ Preferred stock	777	822
+ + Common stock	18,289	9,082
Add. paid-in capital	470	1,746
Retained earnings	88,073	75,377
Notes receiv. - stockholders	(1,297)	—
Treasury stock	—	(327)
Total Liabilities & Shareholders' Equity	197,403	174,075

* At lower of cost (LIFO or FIFO) or market.

Less accumulated depreciation.

+ \$100 par value; 5% cumulative.

+ + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	13.60	8.01
%Net Income to Sales	7.40	4.59
%Net Income to Equity	22.71	13.74
Debt to Equity	0.35	0.57
Working Capital	\$ 91,939,000	\$85,286,000
Current Ratio	3.21	3.49
Shareholders' Equity	\$106,312,000	\$86,700,000

Unifi, Inc.

7201 West Friendly Road
Greensboro, North Carolina 27410
(919) 294-4410

Mailing address:

P.O. Box 19109
Greensboro, North Carolina 27419

Officers: G. Allen Mebane, chairman of the board; William T. Kretzer, president & chief exec. officer; Jerry W. Eller, Robert A. Ward, G. Alfred Webster, exc. v.p.'s; James A. Dunn, Raymond W. Maynard, Jerry R. Moore, Richard L. Widenhouse, John F. Glenn, Stewart Q. Little, Gregg H. Lowe, vice presidents; C. Clifford Frazier, Jr., secretary.

Directors: G. Allen Mebane, James R. Hardin, Robert A. Ward, Kenneth G. Langone, Charles R. Carter, Roy H. Lawrence, C. Clifford Frazier, Jr., William T. Kretzer, Jerry W. Eller, G. Alfred Webster.

Business Activities: Engaged in the texturizing and sale of polyester filament yarn.

Plant Location(s): Yadkinville, N.C.; Letterkenny, County Donegal, The Republic of Ireland.

Divisions and Subsidiaries:

Unifi Textured Yarns Europe, Ltd.
Letterkenny, Republic of Ireland

Unifi International Service Inc.
Greensboro, N.C. and London, England

Unifi FSC, Ltd.
Agana, Guam

Transfer Agent(s):

First Union National Bank
Charlotte, North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: UNFI (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 248,873,241	\$ 10,407,477
1985	216,039,060	6,337,547

1984	216,520,130	7,349,970
1983	176,019,004	4,454,359
1982	230,142,366	10,874,437

	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,690,983	\$ 1.07
1985	9,551,127	0.67
1984	10,522,451	0.70
1983	9,140,648	0.49
1982	8,713,502	1.25

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

	Cash Dividend	Stock Dividend	Stock Split
1986	—	50%	—
1985	—	—	—
1984	—	—	—
1983	—	25%	—
1982	—	25%	—

	Total Equity	Equity Per Share ‡
1986	\$ 88,789,680	\$ 9.00
1985	71,312,235	7.59
1984	68,075,517	6.93
1983	60,675,780	6.17
1982	39,125,497	4.55

‡ Adjusted to reflect stock dividends.

	1986	1985
Net sales	\$ 248,873,241	\$ 216,039,060
Cost of sales	221,487,965	193,655,472
Expenses	11,487,928	10,218,611
Interest expense	2,113,820	1,834,664
Other income	(3,014,367)	(650,454)
For. curr. loss (gain)	171,169	(189,518)
Income before taxes	\$ 16,626,726	\$ 11,170,285
Income taxes	6,219,249	4,832,738
Net Income	\$ 10,407,477	\$ 6,337,547

* Included in Costs and Expenses, Depreciation: \$8,344,436 in 1986 and \$6,514,345 in 1985.

	1986	1985
Cash	\$ 972,057	\$ 1,524,160
Investments	—	24,846,757
Receivables	57,143,511	40,623,286
*Inventories	14,264,411	10,372,973
Prepaid expenses	801,521	957,311
Current Assets	\$ 73,181,500	\$ 78,324,487
Fixed assets:		
*Fixed assets	43,385,743	33,364,866
Leased property	28,382,778	—
Defer. charges & other assets	1,414,648	1,904,787
Total Assets	\$ 146,364,669	\$ 113,594,140

	1986	1985
Long-term debt, curr.	\$ 1,327,899	\$ 2,873,250
Accts. payable	17,873,935	16,187,604
Accruals	3,986,712	3,887,042
Income taxes	10,066	411,035
Curr. Liabilities	\$ 23,198,612	\$ 23,358,931
Long-term debt	21,594,000	3,900,750
Subord. long-term debt	7,363,630	11,692,656
Deferred inc. taxes	4,916,747	3,329,568
+ Common stock	986,293	626,503
Add. paid-in capital	21,330,793	18,130,121
Retained earnings	63,346,900	53,139,423
For. curr. trans. adjust.	2,925,694	(383,812)
Total Liabilities & Shareholders' Equity	\$ 146,364,669	\$ 113,594,140

* At LIFO. Foreign inventories at FIFO.
‡ Less accumulated depreciation and amortization.
+ \$0.10 per value.

	1986	1985
%Inc. bef. Taxes to Sales	6.68	5.17
%Net Income to Sales	4.18	2.93
%Net Income to Equity	11.72	8.89
Sales to Inventories	17.45	20.83
Debt to Equity	0.24	0.26
Working Capital	\$49,982,888	\$54,965,556
Current Ratio	3.15	3.35
Shareholders' Equity	\$88,789,680	\$71,312,235

Uniroyal, Inc.

(As of September 24, 1985, all of the Company's common stock is held by DCU Holding, Inc. due to its merger with Uniroyal, Inc. The Company's first preferred stock remains outstanding.)

World Headquarters
Middlebury, Connecticut 06749
(203) 573-2000

Officers: Joseph P. Flannery, chairman of the board, president & chief executive officer; Earl A. Carrara, v.p.-operating services; John R. Graham, v.p.-finance & chief financial officer; Ronald H. Hawkins, v.p.-human resources; Frank J. Longio, v.p. & treasurer; William J. Palmer, secretary; Alan R. Elton, v.p. & gen. counsel; Alexander R. Castaldi, v.p. & controller.

Directors: Joseph P. Flannery*, chairman; Ross Barzelay, David Beretta, W. Thomas York*, Howard B. Wentz, Jr., Leon D. Black, Martin H. Dubliser*, Joseph L. Rice, III*.

* Member of the Executive Committee.

Business Activities: Engaged in the production of polymers, textiles, chemicals and fabricated products. Manufactures automotive and off-the-road tires, industrial rubber products, agricultural and rubber processing chemicals; footwear, protective clothing, industrial textiles, storage containers, pollution control devices, conveyor belts, coated fabrics for the furniture, transportation, footwear, luggage and clothing industries. Textile products include: industrial hose and belt yarns; high temperature yarns and fabrics; synthetic industrial fabrics; nylon, polyester, glass, and wire tire fabrics.

Textile Trademarks and/or Brand Names: Capilair, Naugahyde, Powergrip, UsFlex, Flex-Light, Triton, Sealdin, Royalite, Tredaire, Royalex, MineFlex, Ensolite, Enacote, USCO.

Plant Locations(s): Hogansville, Ga.; Winstboro, S.C.; Shelbyville, Tn.; Scottsville, Va.

Divisions and Subsidiaries:
Uniroyal Power Transmission Company Inc.
Uniroyal Plastic Company, Inc.
Uniroyal Properties, Inc.
Uniroyal Tire Company, Inc.

all at:

Uniroyal, Inc. World Headquarters
Middlebury, Connecticut 06749

Uniroyal, Textile Products
Winnboro, South Carolina 29180

Uniroyal, Ltd.
895 Don Mills Road
Don Mills, Ontario
M3C 1W3 Canada

Uniroyal Chemical Company, Inc.
Elm Street
Naugatuck, Connecticut 06770

Transfer Agent(s):
Manufacturers Hanover Trust (preferred)
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: UNR

	Net Sales †	Net Income ‡
1985*	\$1,568,000,000	\$ 44,000,000
1984	2,122,000,000	77,000,000
1983	1,936,000,000	67,000,000
1982	1,836,000,000	26,000,000
1981	2,064,000,000	52,000,000
	No. of Com. Shares	Earn. per Share ‡
1985*	34,703,000	\$ 1.18
1984	33,970,000	2.13
1983	33,672,000	2.03
1982	N.A.	0.78
1981	N.A.	1.76

N.A. - Not Available

* 9 months

+ Of continuing operations only.

† Including extraordinary gains of \$79,000,000 (\$2.16 per share) in 1984 and \$15,000,000 (\$0.43 per share) in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

	1985	1984
Tire & related products	\$ 757,000,000	\$1,019,000,000
Chemical, rubber & plastics materials	498,000,000	672,000,000
Engineered prods. & serv.	318,000,000	431,000,000
Total	\$1,568,000,000	\$2,122,000,000

	Cash Dividend	Stock Dividend	Stock Split
1985*	\$0.14	—	—
1984	0.09	—	—

* 9 months.

	Total Equity	Equity Per Share
1985	\$ 715,000,000	\$ 20.60
1984	666,000,000	19.61
1983	611,000,000	18.15
1982	472,000,000	—
1981	460,000,000	—

	9/29/85 (9 months)	12/30/84
Net sales	\$ 1,568,000	\$ 2,122,000
Cost of sales	1,261,000	1,700,000
Expenses	198,000	272,000
Interest expense	27,000	39,000
Other income	(14,000)	(35,000)
Tender offer	22,000	—
Income bef. taxes	\$ 74,000	\$ 146,000
Income taxes	36,000	46,000
Inc. from cont. oper.	\$ 38,000	\$ 100,000
Inc. (loss) from discont. oper.	6,000	(45,000)
Net Income	\$ 44,000	\$ 55,000
Extraord. gain	—	79,000
Cum. effect of acctg. change	—	(57,000)
Net Income & extraord. credit	\$ 44,000	\$ 77,000

* Included in Costs and Expenses, Depreciation: \$46,000,000 in 1985 and \$58,000,000 in 1984.

Uniroyal, Inc.

As of	12/30/84
Cash	\$ 88,000
Accts. receiv., net	373,000
*Inventories	345,000
Deferred inc. taxes	41,000
Current Assets	\$ 847,000
Investments & adv. affil.	36,000
†Fixed assets	493,000
Other assets	71,000
Net assets - discont. oper.	6,000
Total Assets	\$ 1,453,000
Liabilities (000's)	
Short-term debt	\$ 61,000
Accts. payable	129,000
Accrued taxes	36,000
Accruals pension liab.	74,000
Other accruals	119,000
Curr. Liabilities	\$ 419,000
Long-term debt	169,000
Cap. lease oblig.	86,000
Deferred inc. taxes	23,000
Other liabilities	29,000
+ Preferred stock	65,000
+ + Common stock	43,000
Add. paid-in capital	172,000
Retained earnings	525,000
Accum. trans. adjust.	(65,000)
Treasury stock	(13,000)
Total Liabilities & Shareholders' Equity	\$ 1,453,000

* At lower of cost (FIFO & monthly average) or market.
 † Less accumulated depreciation.
 + \$100 per value; 8% cumulative.
 + + \$1.25 per value.

United Merchants and Manufacturers, Inc.

1407 Broadway
 New York, New York 10018
 (212) 930-3900

Officers: Martin J. Schwab, chairman of the board; Uzi Ruskin, president, chief executive & chief operating officer; Lawrence Marx, Jr., secretary; Sidney O. Margolis, exec. v.p. & asst. secretary; Robert D. Mathews, exec. v.p.; Lawrence B. Danza, William J. Courtad, James R. Henderson, William Iannone, sr. v.p.'s; Hollowell C. Nixon, exec. v.p.; Judith A. Nadzick, exec. v.p., corporate comptroller, chief financial accounting officer; Edmund M. Bamberger, Thomas F.G. Abraham, Cleland T. Reed, James P. Spallina, Arthur C. Charwat, William H. Carroll, Bernard G. Mayers, Robert M. Smith, v.p.'s; Herbert J. Tamara, v.p. & general counsel; John N. Tice, Jr., treasurer; Jeffrey J. Helfer, asst. treasurer.

Directors: John K. Schemmer, Uzi Ruskin*, Michael Schiff, Peter A. Cohen*, Robert M. Andreal, Lawrence Marx, Jr., William M. Reese*, Martin J. Schwab*, Richard Basuk, Sidney O. Margolis, Robert D. Mathews, Jack H. Nusbaum*, S. Arnold Hickox, Thomas Furth.

* Member of the Executive Committee.

Business Activities: Supplies styled woven and knitted fabrics for men's, women's and children's apparel and for home furnishings; the "Ameritex" division is the company's main finished goods distributors to the apparel trades; "Uniblend" spinners supply styled yarn to the weaving and knitting trades; home furnishings' lines include "Cohama Riverdale," "Kenneth," "Town and Country Living," "ConTact," "Spun-Stretch," and "Roommaker." It also manufactures and distributes

glass fabrics ("Uniglass") and plastic products ("Comark," "ConTact," "Kwik-Kover," "Thalco," and "Glascoat"). Important manufacturing operations are located in Argentina, Brazil, Colombia, Uruguay, Canada, France and Great Britain.

Plant Location(s): New York, Georgia, Massachusetts, Florida, Indiana, Ohio, South Carolina.

Divisions and Subsidiaries:

Merchandising and Distributing Units

Jonathan Logan, Inc.
 Produces women's apparel, women and children's footwear, men and women's rainwear, leather products and women's swimwear.

Glascoat
 Florida, Indiana, South Carolina, Arkansas & Ohio

Comark Plastics
 New York

Thalco
 California

Uniglass Industries
 New York

Cohama Riverdale Decorative Fabrics
 New York, New York

Ameritex
 New York

Seneca Textile
 New York, New York

Sudamtex de Uruguay, S.A. (95% owned)
 Colonia, Uruguay

Cotonificio Gavea Ltda.
 Brazil

Cohama Specifier Contract Fabrics
 New York

Riverdale Manufactured Products
 New York

Polimeros Uruguayos S.A. (36% owned)
 Uruguay

Polyform, S.A. (95% owned)
 Uruguay

Spun Glas Limited
 Sherborne, England

Sudamtex, S.A. (84% owned)
 Argentina

Urce, S.A.
 Uruguay

Selling Agents

United Merchants World-Wide Sales
 New York, New York

United Merchants Sales
 New York, New York

C.A. Inversiones Aragua (72% owned)
 Venezuela

Urce, S.A. (95% owned)
 Colonia, Uruguay

Venaseta, C.A. (72% owned)
 Venezuela

Polimeros Uruguayos S.A. (36% owned)
 Uruguay

Transfer Agent(s):
 Registrar and Transfer Co.
 Cranford, New Jersey

Stock Exchange(s): New York, Pacific

Ticker Symbol: UMM

Sales and Earnings

	Net Sales +	Net Income #
1986	\$ 802,105,000	\$ (35,340,000)
1985	795,360,000	(20,366,000)
1984	563,193,000	12,350,000
1983	478,309,000	(2,711,000)
1982	561,446,000	95,488,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,104,000	\$ —
1985	8,930,000	\$ —
1984	8,740,000	1.41
1983	7,834,220	14.12
1982	6,762,212	14.12

(Loss)

+ Of continuing operations only.

‡ Based on the average number of shares outstanding.

Including extraordinary credits of \$197,000 in 1986, \$217,000 in 1985, \$1,324,000 (\$0.15 per share) in 1984, \$3,303,000 in 1983 and \$139,479,000 (\$20.63 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 115,290,000	\$ 12.66
1985	148,157,000	16.59
1984	167,462,000	19.16
1983	156,388,000	19.96
1982	158,585,000	23.45

‡ Based on the average number of shares outstanding.

Income Account * (000's)

Year ended June 30	1986	1985
Net sales	\$ 802,105	\$ 795,360
Cost of sales	617,971	602,899
Expenses	155,428	133,361
Interest expense	51,494	48,694
Interest income	(7,717)	(5,976)
Loss from relocation	5,803	23,586
Loss (gain) on sale	7,439	(4,187)
Other income	(3,207)	(1,266)
Loss before taxes	\$ (25,106)	\$ (1,751)
Income taxes	9,257	14,787
Minority interests	1,174	4,045
Net Loss	\$ (35,537)	\$ (20,583)
Extraord. credit	197	217
Net Loss & extraord. credit	\$ (35,340)	\$ (20,366)

* Included in Costs and Expenses, Depreciation and Amortization: \$15,705,000 in 1986 and \$16,753,000 in 1985.

Assets (000's)

As of June 30	1986	1985
Cash	\$ 3,355	\$ 15,996
Receivables, net	119,867	184,270
*Inventories	191,322	224,721
Prepaid expenses & other assets	20,103	38,581
Current Assets	\$ 334,647	\$ 463,568
†Fixed assets	105,554	158,071
Invest. in for. ventures	2,966	2,595
Other assets & deferred charges	43,133	27,062
Goodwill	89,328	78,005
Total Assets	\$ 575,628	\$ 729,301
Liabilities (000's)		
Notes & advances payable	\$ 13,373	\$ 13,037
Long-term debt, curr.	6,560	17,962

Accts. payable & accruals	102,746	145,066
Foreign income taxes	6,352	6,969
Curr. Liabilities	\$ 129,031	\$ 183,034
Long-term debt	325,852	367,844
Other liabilities	4,513	13,191
Minority interest	942	17,075
+ Common stock	9,117	8,807
Add. paid-in capital	49,450	48,076
Retained earnings	61,249	96,589
For. curr. trans. adjust.	(526)	(2,315)
Notes receivable	(4,000)	(3,000)
Total Liabilities & Shareholders' Equity	\$ 575,628	\$ 729,301

* At lower of cost (principally average or FIFO) or market.

† Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

Sales to Inventories	4.19	3.54
Debt to Equity	3.00	2.69
Working Capital	\$205,616,000	\$280,534,000
Current Ratio	2.59	2.53
Shareholders' Equity	\$115,290,000	\$148,157,000

VF Corporation

1047 North Park Road
Wyomissing, Pennsylvania 19610
(215) 378-1151

Officers: Lawrence R. Pugh, chairman of the board & chief executive officer; Robert E. Gregory, Jr., president & principal operating officer; Larry J. Weidenheimer, Norman L. Cochran, Wayne L. Bildahl, Harold E. Addis, Robin M. Lewis, Christopher L. Schaller, Janet J. Peters, Ardy A. Kusman, Prakash C. Bhatt, Frederick J. Rowan, II, vice presidents; Harold D. McKerny, v.p. & treasurer; Lori M. Tarnowski, v.p. & secretary; Jerome M. Wiggins, v.p. & chief financial officer; Louis J. Fecile, Frank C. Pickard, III, asst. treasurers; Kenneth E. Beyers, controller; Gary E. Dunham, Robert K. Shearer, asst. controllers.

Directors: Lawrence R. Pugh*, chairman; Helen F. Boehm, William E. Pike*, Robert E. Gregory, Jr., Roger S. Hillas, Leon C. Holt, Jr., J. Berkeley Ingram, Jr., Robert F. Longbine*, Robert D. Buzzell, William H. Blount, M. Rust Sharp, L. Dudley Walker.

* Member of the Executive Committee.

Business Activities: Designs, manufactures and markets women's intimate apparel and knitted fleeced activewear, sportswear, jeanswear and casual apparel for men, women and children, and occupational apparel.

Trademarks and/or Brand Name: Lee, Woollence, Snagallure, Dress Blues, Lee Riders, Ms. Lee, Ultracord, Bassett-Walker, Gad-about, Lollipop, Modern Globe, Skeets, Brier-creek, Stacker, Planks, Hathaway, Willis & Geiger, Girbaud, Rustler, Jantzen, Wrangler, Jansport, Red Kap Industries, Big Ben by Wrangler, Sturdy Sweats, Cotton Works.

Divisions and Subsidiaries:

Girbaud
140 Blue Bell Road
Greensboro, North Carolina 27406
Manufactures fashion jeans.

JanSport
2425 West Packard Street
Appleton, Wisconsin 54913
Manufactures sportswear.

Wrangler
335 Church Street
Greensboro, North Carolina 27401
Manufactures jeanswear.

Jantzen
411 N.E. 19th Street
Portland, Oregon 97232
Manufactures swimwear, sportswear and sweaters.

Red Kap
749 Massman Drive
Nashville, Tennessee 37210

Manufactures a wide variety of occupational uniforms and apparel as well as flame-retardant garments.

Vanity Fair Mills, Inc.
640 Fifth Avenue
New York, New York 10019
Loungewear, sleepwear, lingerie and undergarments.

Lee Apparel Company, Inc.
9001 West 67th Street
Merriam, Kansas 66202
Western, leisure and work apparel for both men and women. Labels include Lee®, Lee Leans, Lee Leesures, Ms. Lee®, Lee Riders® and Lady Lee clothing for men, women and children.

VF International Division, Inc.
1047 North Park Road
Wyomissing, Pennsylvania 19610
Markets Lee and Vanity Fair products overseas.

Bassett & Walker, Inc.
P.O. Box 5423-Walker Road
Martinsville, Virginia 24115
Knitted, fleeced activewear such as sweatshirts, sweatpants, jogging suits and jackets for men, women and children.

Modern Globe, Inc.
902-914 Elkin Highway
North Wilkesboro, North Carolina 28659
Women's cotton panties and cotton knit sleepwear; men's cotton tee shirts and undershorts.

Willis & Geiger, Inc.
36 West 44th Street, Suite 1011
New York, New York 10036
Adventure/expedition apparel.

Acquisition:
Blue Bell Holding Company, Inc.
Greensboro, North Carolina
Manufactures jeanswear, sportswear and occupational apparel.

Transfer Agent(s):
Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York

Ticker Symbol: VFC

Sales and Earnings

	Net Sales	Net Earnings
1986	\$1,544,574,000	\$ 129,350,000
1985	1,481,182,000	139,417,000
1984	1,167,356,000	124,746,000
1983	1,100,956,000	119,401,000
1982	879,528,000	91,623,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	63,067,702	\$ 2.05
1985	61,963,196	2.25
1984	63,706,098	1.96
1983	65,583,580	1.82
1982	65,066,904	1.41

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business (000's)

	1986	1985
Jeanswear	\$ 905,982	\$ 941,966
Sportswear	309,102	248,364
Intimate apparel	261,187	239,992
Occupational apparel	68,303	50,860
Total	\$ 1,544,574	\$ 1,481,182

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.66	—	2-for-1
1985	0.58	—	—

1984	0.52	—	—
1983	0.43	—	2-for-1
1982	0.33	—	2-for-1

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 824,141,000	\$ 13.07
1985	554,223,000	8.94
1984	441,370,000	6.93
1983	399,911,000	6.10
1982	309,816,000	4.76

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended	1/3/87	1/4/86
Net sales	\$1,544,574,000	\$1,481,182,000
Other income	22,886,000	11,263,000
Total income	\$1,567,460,000	\$1,492,445,000
Cost of sales	1,002,856,000	951,368,000
Expenses	278,175,000	239,825,000
Interest & other exp.	36,986,000	29,135,000
Income before taxes	\$ 249,443,000	\$ 272,117,000
Income taxes	120,093,000	132,700,000
Net Income	\$ 129,350,000	\$ 139,417,000

* Included in costs and Expenses, Depreciation: \$54,966,000 in 1986 and \$50,075,000 in 1985.

Assets

As of	1/3/87	1/4/86
Cash & investments	\$ 126,097,000	\$ 68,483,000
Accts. receiv., net	261,559,000	148,423,000
* Inventories	476,175,000	208,745,000
Other assets	20,518,000	11,153,000
Current Assets	\$ 884,349,000	\$ 436,804,000
Investments & other assets	489,148,000	107,851,000
# Fixed assets	460,264,000	315,538,000
Total Assets	\$1,833,761,000	\$ 860,193,000

Liabilities

Notes payable	\$ 169,840,000	\$ 3,948,000
Long-term debt, curr.	82,427,000	38,476,000
Accts. payable	109,121,000	48,124,000
Accrued payroll	23,151,000	19,903,000
Income taxes	10,124,000	19,440,000
Other liabilities	35,430,000	15,161,000
Curr. Liabilities	\$ 430,093,000	\$ 145,052,000
Long-term debt	436,468,000	124,280,000
Other liabilities	143,059,000	36,638,000
+ Common stock	67,556,000	31,097,000
Add. paid-in capital	207,421,000	36,073,000
Translation adjust.	(6,282,000)	(12,354,000)
Retained earnings	555,446,000	499,407,000
Total Liabilities & Shareholders' Equity	\$1,833,761,000	\$ 860,193,000

* At lower of standard cost (which approximates FIFO) or market.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	16.15	18.37
%Net Income to Sales	8.37	9.41
%Net Income to Equity	15.70	25.16
Sales to Inventories	3.24	7.10
Debt to Equity	0.84	0.30
Working Capital	\$454,256,000	\$291,752,000
Current Ratio	2.06	3.01
Shareholders' Equity	\$824,141,000	\$554,223,000

Warnaco Group, Inc.

Warnaco Group, Inc.

(formerly Warnac, Inc.)

(Became a privately held corporation in May 1986.)

11111 Santa Monica Boulevard
Los Angeles, California 90025
(213) 473-0032

Warnaco, Inc.

90 Park Avenue
New York, New York 10016
(212) 661-1300

350 Lafayette Street
Bridgeport, Connecticut 06601
(203) 579-8272

Officers: Andrew G. Galef, chairman; Linda J. Wachner, president; Robert D. Walter, exec. v.p. & chief financial officer; Jay A. Berman, treasurer & asst. secretary; Wesley R. Card, corp. controller; Stanley P. Silverstein, secretary & general counsel; Allen Finkenaur, v.p.-taxes; Edward F. Keene, asst. corp. controller.

Directors: Andrew G. Galef, chairman; Linda J. Wachner, Frederick R. Adler, Bruce I. Raben, Robert D. Walter.

Business Activities: Diversified manufacturer and marketer of apparel. Men's wear includes "Puritan" and "Thane" sport shirts and sweaters; "Hathaway" dress and sport shirts; "Christian Dior" dress shirts, sweaters, sportswear; "Chaps by Ralph Lauren" dress and sport shirts and ties; and "Pringle of Scotland" sweaters and knit shirts. Women's wear includes "White Stag" sportswear; "Warner's" intimate apparel; "Hathaway for Women" woven shirts, sweaters and coordinates; "Geoffrey Beene" sweaters, knitwear and coordinates; "Pringle of Scotland" sweaters and knit coordinates; and "Olga" and "Olga Christina" intimate apparel. Activewear includes "Speedo" swimwear and accessories; "White Stag" skiwear; "Spalding" sportswear; and "Jack Nicklaus" casual wear.

The Company's Outlet Store Division operates 55 retail stores which sell excess and out-of-season off-price apparel products to the general public.

Trademarks and/or Brand Names: Hathaway, White Stag, Puritan, Speedo, Christian Dior, Chaps by Ralph Lauren, Thane, Warner's, Pringle of Scotland, Olga, Olga Christina, Geoffrey Beene, Jack Nicklaus, Spalding, Hathaway for Women.

Plant Locations: Long Island City, NY; Altoona, PA; Waterville, Maine; Sylvania & Thomasville, GA; Barbourville, KY; Van Nuys, Oxnard & Santa Paula, CA; Checotah, OK; Murfreesboro, TN; Ciales, Agua Buenas & Cidra, Puerto Rico; Dothan, AL; Alajuela, Costa Rica; La Romana, Dominican Republic; Puerto Rico; Honduras; Juarez, Mexico; Toluca & San Luis, Mexico; Montreal, Quebec, Canada; Ottawa & Prescott, Ontario, Canada; Scunthorpe & Peterborough, England; Keady & Dromore, Northern Ireland.

Divisions:

Menswear Division
Womenswear Division
Intimate Apparel Division
International Division
Outlet Store Division

Subsidiaries:

Warnaco Inc.
Warnaco International Inc.
Warnaco Limited
Warnaco de Costa Rica Inc.
Warnaco Men's Sportswear Inc.
Warnaco de Canada Limited
Warnaco Outlet Stores Inc.
Warnaco Sourcing Inc.
Warnaco Sourcing Limited
Warnaco Limited
Warner's Aiglon, S.A. (France)
Warner's Company (Belgium) S.A.
Warner's de Costa Rica Inc.
Warner's de Honduras, S.A.
Warner's de Mexico, S.A. de C.V.
Warner's (U.K.) Ltd.

NOTE: The Warnaco Group, Inc. was incorporated in Delaware on Mar. 14, 1986 and on May 10, 1986 acquired substantially all of the outstanding shares of Warnaco Inc. Warnaco is the principal operating subsidiary of the Warnaco Group.

Sales and Earnings

	Net Sales	Net Income
1987*	\$ 391,977,000	\$ (39,046,000)
1986 + ‡	198,053,000	(4,336,000)
1985‡	591,285,000	22,523,000
1984‡	561,391,000	20,474,000
1983‡	497,260,000	28,342,000

	No. of Com. Shares	Earn. per Share †
1987*	2,000,000	\$ —
1986 + ‡	N.A.	—
1985‡	N.A.	2.20
1984‡	N.A.	2.02
1983‡	N.A.	2.80

(Loss)

N.A. - Not Available.

* 8 months.

‡ 5 months.

‡ Predecessor company.

† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ (21,449,000)	—

(Deficiency)

Income Account *

Year ended Jan. 3.	1987 (8 months)
Net sales	\$ 391,977,000
Cost of sales	282,665,000
Expenses	104,303,000
Interest expense	42,373,000
Loss before taxes	\$ (37,364,000)
Income taxes	1,682,000
Net Loss	\$ (39,046,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$17,145,000 in 1987.

Assets

As of Jan. 3	1987
Cash & time deposits	\$ 21,797,000
Accts. receiv., net	97,111,000
*Inventories	93,009,000
Prop. held for sale	4,000,000
Prepaid expenses	6,692,000
Current Assets	\$ 222,609,000
Fixed assets	113,937,000
Deferred fin. costs	36,519,000
Licensed trademarks	77,548,000
Intangibles	169,868,000
Total Assets	\$ 620,481,000

Liabilities (000's)

Notes payable	\$ 4,136,000
Long-term debt, curr.	30,466,000
Accts. payable & accruals	43,309,000
Accrued compensation	15,851,000
Other accruals	24,736,000
Income taxes	35,981,000
Curr. Liabilities	\$ 154,479,000
Long-term debt	444,236,000
Other liabilities	1,715,000
Redeem preferred stock + common stock:	41,500,000
Class B	15,000
Class A	5,000
Add. paid-in capital	19,980,000
Cum. trans. adjust.	347,000
Retained earnings (def.)	(41,796,000)
Total Liabilities & Shareholders' Equity	\$ 620,481,000

* At lower of cost (FIFO) or market.

‡ Loss accumulated depreciation.

+ \$0.01 per value.

Statistical Summary

Sales to Inventories	4.21
Working Capital	\$68,130,000
Current Ratio	1.44
Shareholders' Equity (Deficiency)	(\$21,449,000)

West Point-Pepperell, Inc.

400 West Tenth Street
West Point, Georgia 31833
(404) 645-4000

Officers: Joseph L. Lanier, Jr., chairman of the board; Donald J. Keller, president; Robert L. Brightman, v.p.-synthetic fiber purchasing; Charles H. Crowder, Jr., v.p.-mfg.; Robert L. Allen, v.p.-cotton purchasing; Conrad M. Fowler, v.p.-public affairs; D. Michael Roark, v.p.-human resources; Clayton H. Sowers, v.p.-finance & treasurer; Clifford E. Wilson, asst. controller; Charles M. Reeves, Jr., asst. treas.-credit; Marshall N. Morton, v.p. & controller; C. Powers Dorsett, Jr., secretary & general counsel; Barry F. Shea, asst. treasurer-finance; Harry L. Goodrich, asst. secretary & asst. legal counsel.

Directors: Joseph L. Lanier, Jr., Harry M. Philpott, Yenta G. Semford, Jr., Charles E. Woodruff, Clarence Kjoelien, W. Cecil Baser, Raymond H. Herzog, Gerald B. Mitchell, C. McKenzie Taylor, Henry H. Henley, Jr., Donald Keller.

Business Activities: Produces fabrics for industrial, apparel and household uses, using both natural and man-made fibers; manufactures towels, sheets, blankets, bedspreads, comforters, carpets and rugs; manufactures and markets a variety of apparel and related items.

Textile Trademarks and/or Brand Names: West Point Pepperell, Martex, Lady Pepperell, Cabin Crafts, Pepperell, Super Blend Denim, Fairfax, Alamac, Vellux, Arrow, Cabin Crafts, Gold Toe, Burberry's, Colours by Alexander Julian.

Divisions:

Apparel Fabrics Division
1221 Avenue of the Americas
New York, New York 10020
(212) 382-5000

Plants are located in Shawmut, Ala.; New Braunfels, Tex.; Lindale, Ga.; Ahoskie, Clinton, Elizabethtown, Hamilton, Lumberton, North Carolina; Anderson, South Carolina; Mission Vieja, San Jose, Costa Rica.

Carpet and Rug Division

120 East Morris Street
Dalton, Georgia 30720
(404) 272-1400

Plants are located in Dalton, Newnan, Tifton, Milledgeville, Ga.

Consumer Products Division

1221 Avenue of the Americas
New York, New York 10020
(212) 382-5000

Engaged in the manufacture of sheeting and corduroy and yarn dyed shirtings. Plants are located in Abbeville, Huguley, Fairfax, Lanett, Opelika, and River View, Ala.; LaGrange, Ga.; Biddleford, Me.; Keyville, Va.; Chipley, Fla.; New Braunfels, Texas.

Industrial Fabrics Division

400 W. 10 Street
West Point, Ga. 31833
(404) 645-4000

Plants are located in Langdale, Lanett, Fairfax and Shawmut, Ala.; LaGrange and Columbus, Ga.; DeWitt, Iowa; Pulaski and Dublin, Va.

International Division

1221 Avenue of the Americas
New York, New York 10020
(212) 382-5000

Subsidiaries:

Chert, Peabody & Co., Inc.
510 Fifth Avenue
New York, New York
(212) 930-3000

Markets a variety of apparel and related items, operating in three basic areas: brand-name merchandise, private label and chain store merchandise and international and licensing.

Arthur Sanderson Companies
United Kingdom

Product line includes wall coverings, upholstery, drapery materials, and carpeting.

Transfer Agent(s):

Trust Company Bank
Corporate Trust Department
P.O. Box 4625
Atlanta, Georgia 30302

Stock Exchange(s): New York

Ticker Symbol: WPM

Sales and Earnings

	Net Sales	Net Income
1986	\$1,813,354,000	\$ 54,465,000
1985*	1,204,158,000	28,361,000
1984	1,333,246,000	55,725,000
1983	1,206,304,000	52,327,000
1982	1,110,573,000	43,067,000
	No. of Com. Shares	Earn. per Share
1986	14,600,957	\$ 4.09
1985*	10,318,270	2.75
1984	10,295,085	5.40
1983	10,330,568	5.10
1982	10,152,657	4.27

* 53 weeks.

† Based on the weighted average number of shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Apparel fabrics	17%	22%	28%	30%
Household fabrics	43	62	58	58
Industrial fabrics	10	16	14	12
Apparel	30	—	—	—
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.20	—	—
1985	2.20	—	—
1984	2.20	—	—
1983	1.95	—	—
1982	1.80	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 674,977,000	\$ 46.23
1985	461,436,000	44.72
1984	454,868,000	44.18
1983	424,718,000	41.11
1982	389,161,000	38.33

Income Account (000's)

Year ended	9/27/86	8/31/85
Net sales	\$ 1,813,354	\$ 1,204,158
Cost of sales	1,342,181	940,307
Depreciation & amort.	60,617	47,156
Expenses	270,891	154,901
Oper. income	\$ 139,665	\$ 61,794
Interest expense	37,581	13,675
Other expense (income)	(1,966)	58
Income before taxes	\$ 104,050	\$ 48,061
Income taxes	49,585	19,700
Net Income	\$ 54,465	\$ 28,361

As of	9/27/86	8/31/85
Assets (000's)		
Cash	\$ 16,591	\$ 11,668
Marketable securities	20,993	—
Accs. receiv., net	372,434	192,955
*Inventories	370,987	206,794
Prepaid expenses	16,550	1,810
Assets held for dispos.	19,827	—
Current Assets	\$ 817,382	\$ 413,227
Investments	40,921	11,268
*Fixed assets	413,315	358,392
Exc. purch. price over assets acq.	170,617	—
Total Assets	\$ 1,442,235	\$ 782,887
Liabilities (000's)		
Notes payable	\$ 123,121	\$ 41,000
Long-term debt, curr.	9,661	6,925
Accs. payable	116,519	76,351
Accruals	88,397	39,401
Income taxes	20,901	5,254
Current Liabilities	\$ 358,599	\$ 168,931
Long-term debt	311,743	92,454
Deferred compensation	13,789	5,846
Deferred inc. taxes	62,275	49,891
Other liabilities	21,852	4,329
+ Common stock	73,005	51,591
Adl. paid-in capital	170,482	3,728
Retained earnings	431,490	406,117
Total Liabilities & Shareholders' Equity	\$ 1,442,235	\$ 782,887

* Principally at cost (LIFO); remainder at lower of cost (FIFO) or market.

† Less accumulated depreciation.

+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.74	3.99
%Net Income to Sales	3.00	2.36
%Net Income to Equity	8.07	6.15
Sales to Inventories	4.89	5.82
Debt to Equity	0.46	0.30
Working Capital	\$458,783,000	\$244,296,000
Current Ratio	2.28	2.45
Shareholders' Equity	\$674,977,000	\$461,436,000

Wickes Companies, Inc.

(formed through the merger of The Wickes Corporation with Gamble-Skogmo)

3340 Ocean Park Boulevard
Santa Monica, California 90405
(213) 452-0161

Officers: Sanford C. Sigoloff, chairman of the board, president & chief exec. officer; Wilhelm A. Mallory, sr. exec. v.p. & chief financial officer; Lawrence P. Friedman, sr. v.p.-human resources; Seymour Strasberg, sr. v.p.-strategic planning; Donald D. Strongwater, sr. v.p.-real estate; James M. Van Tatenhove, sr. v.p.-administration; James N. Castleberry, v.p.-controls evaluation and compliance; Michael S. Simick, sr. v.p.-communications; Michael Jamieson, v.p. & controller; Ervin J. Bolka, v.p. & treasurer; Alvin G. Segel, sr. v.p., general counsel & secretary; Raymond J. Byrne, v.p.; Robert S. Fenton, v.p.-tax; Bill J. Mann, v.p.-data services.

Directors: Sanford C. Sigoloff, chairman; Rita E. Hauser, Ellsworth L. Johnson, Preston Silbaugh, Wilhelm Mallory, Sanford Kaplan, Peter Sweet, Edmund M. Kaufman, Donald F. McCullough.

Business Activities: The Kayser-Roth Corporation, a wholly owned subsidiary, through its Kayser-Roth Apparel Division, manufactures activewear, sportswear, swimwear, children's wear, intimate apparel, outerwear and other apparel products. These products are sold under a variety of brand names, including Catalina, Cole of California, Sandcastle, Kayser, Jodie Arden, Sunset Beach, Bay Club, and Her Majesty, as well as private labels. Through its Kayser-Roth Hosiery Division, the subsidiary manufactures women's and men's hosiery; it markets the women's hosiery under the No Nonsense, Cameo, and Long Looks brand names; it markets the men's hosiery under the Interwoven, Supphose, Alder and Gold Cup brand names. Collins & Aikman Corporation manufactures upholstery, carpet, specialty textile and yarns, wall coverings, and warp knit fabrics. The Simmons Universal Corporation manufactures decorative fabrics, curtains and draperies, which are marketed directly to retailers and chain stores.

In the retail area, the Company operates Wickes Lumber building supply and lumber stores; Builders Emporium home improvement centers; Wickes Furniture home furnishings warehouse showrooms; Leath Furniture centers; and Orchard Supply Hardware stores.

Other business activities include Yorktowne, which manufactures furniture; Wickes Credit, which purchases and finances accounts receivable generated by the retailing divisions; Western Diversified Services, which offers insurance to individuals and companies; the production of electronic, electrical, and other products for the automotive, aircraft, and construction markets, and distribution of automotive replacement parts.

Textile Trademarks and/or Brand Names: Catalina, Cole of California, Sandcastle, Kayser, Jodie Arden, Sunset Beach, Bay Club, Her Majesty, No Nonsense, Cameo, Leg Looks, Interwoven, Supphose, Adler, Gold Cup.

Textile Subsidiaries:

Kayser-Roth Corporation

Simmons Universal Corporation

Acquisition:

Collins & Aikman Corporation
210 Madison Avenue
New York, New York, 10016
(212) 578-1200

Transfer Agent(s):

J. Henry Schroder, Bank and Trust Company of New York
One State Street
New York, NY 10015

Stock Exchange(s): American, Pacific

Ticker Symbol: WDX

Sales and Earnings

	Net Sales + (000's)	Net Income # (000's)
1987	\$ 4,770,000	\$ 83,750
1986	2,806,229	76,130
1985	1,647,881	296,536
1984	1,495,388	24,794
1983	1,240,435	(248,682)
	No. of Com. Shares	Earn. per Share ‡
1987	239,050,000	\$ 0.33
1986	133,854,000	0.47
1985	95,903,000	20.30
1984	14,385,000	1.72
1983	14,385,000	—

(Loss)

+ Of continuing operations only.

Including extraordinary gains of \$9,861,000 (\$0.05 per share) in 1987, \$35,482,000 (\$0.36 per share) in 1986, \$279,522,000 (\$19.13 per share) in 1985 and \$11,618,000 (\$0.81 per share) in 1984.

‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	\$ 1,011,022	\$ 4.23
1986	516,902†	3.86
1985	340,333	3.55

Wickes Companies, Inc.

1984	(207,680)	—
1983	(230,206)	—

(Deficiency)

* After allowing for preferred stock at liquidation value of \$40 per share.

Income Account *		
(000's)		
Year ended	1/31/87	1/25/86
Net sales	\$ 4,770,000	\$ 2,806,229
Cost of sales	3,409,842	2,016,263
Expenses	1,100,258	641,931
Interest expense	195,582	102,308
Gain on sale of eq. secur.	(38,412)	(3,865)
Income before taxes	\$ 102,730	\$ 49,592
Income taxes	28,841	21,516
Income - cont. oper.	\$ 73,889	\$ 28,076
Income - discount oper.	—	12,572
Net Income	\$ 73,889	\$ 40,648
Extraordinary gain	9,861	35,482
Net Income & extraordinary gain	\$ 83,750	\$ 76,130

* Included in Costs and Expenses, Depreciation and Amortization: \$100,309,000 in 1986 and \$54,667,000 in 1985.

Assets		
(000's)		
As of	1/31/87	1/25/86
Cash & short-term invest.	\$ 158,424	\$ 80,576
Receiv., net	799,473	595,217
*Inventories	1,093,584	723,292
Assets of discount oper.	20,343	336,349
Other curr. assets	78,847	57,188
Current Assets	\$ 2,150,671	\$ 1,792,622
*Fixed assets	1,023,105	512,784
Other assets	149,450	84,2986
Investments & other receiv.	41,197	36,334
Purch. price in exc. of assets acq.	1,052,442	222,260
Total Assets	\$ 4,416,865	\$ 2,648,298
Liabilities		
Notes payable	\$ 25,185	\$ 54,549
Long-term debt	25,470	140,902
Accts. payable	397,185	238,295
Accruals	497,485	361,044
Other liabilities	9,673	9,276
Curr. Liabilities	\$ 954,998	\$ 804,066
Long-term debt	2,256,353	726,925
Cap. lease oblig.	56,596	60,463
Deferred inc. taxes	92,646	79,917
+ Preferred stock	181	1,840
+ Common stock	23,905	13,385
Add. paid-in capital	958,699	962,851
Retained earnings	60,501	1,021
For. curr. trans. adjust.	12,986	(2,170)
Total Liabilities & Shareholders' Equity	\$ 4,416,865	\$ 2,648,298

* At lower of cost (FIFO, average or retail) or market, not in excess of net realizable value.
* Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.15	—
%Net Income to Sales	1.55	—
%Net Income to Equity	7.00	4.16
Sales to Inventories	4.36	3.88
Debt to Equity	2.21	0.95
Working Capital	\$1,195,673,000	\$988,556,000
Current Ratio	2.25	2.23
Shareholders' Equity	\$1,056,272,000	\$976,927,000

The William Carter Company

963 Highland Avenue
Needham Heights, Massachusetts 02194
(617) 444-7500

Officers: Manson H. Carter, chairman of the board & chief exec. officer; Richard G. Holland, Jr., president & chief operating officer; Donald Griffin, exec. v.p.-marketing; Richard P. Kirchner, v.p.-corp. planning; James B. Haymes, sr. v.p.-finance; James F. Mulcahy, Jr., sr. v.p.-sales; Thomas W. Roberts, Jr., sr. v.p.-manufacturing; William H. Carter, II, sr. v.p.-international; John G. Heald, v.p.-national accounts; Robert L. White, v.p.-sales, Midwestern Region; Jeremy R. Serwer, v.p.-Retail Division; Jack M. LaHargave, sales & special research; L. Terry Louis, v.p.-sales, Eastern Region; John A. MacEachern, v.p.-sales, Western Region; Thomas A. Moore, treasurer; Fred L. Morse, asst. treasurer & asst. secretary; David Y. Gardner, controller; Stephen W. Carter, clerk.

Directors: Richard G. Holland, Jr., Dana P. Carter, Manson H. Carter, Richard O. Howe, Thomaston & Sandersville, Ga.; Senatobia, Vicksburg, Centerville, Miss.; Raymondville, Harlingen & Lyford, Tex.

Business Activities: Engaged in the production and sale of infants' and playwear, sleepwear and underwear for children, under the brand name of "Carter's". The Comp. knits the fabric used in the production of its garments. Operates 62 outlet stores which sell Carter products.

Trademarks and/or Brand Names: Carter's, Dior.

Plant Location(s): Barnesville (2), Edison, Forsyth, Fort Gaines, Griffin, Milner, Thomaston & Sandersville, Ga.; Senatobia, Vicksburg, Centerville, Miss.; Raymondville, Harlingen & Lyford, Tex.

Transfer Agent(s):

The William Carter Company
Needham Heights, Massachusetts 02194

Stock Exchange(s): Over-the-Counter

Sales and Earnings		
	Net Sales	Net Income +
1986	\$ 184,989,000	\$ 206,000
1985	211,453,000	3,063,000
1984	219,230,000	5,543,000
1983	210,000,000	7,585,000
1982	192,191,000	6,878,000
	No. of Com. Shares ‡	Earn. per Share ‡ +
1986	1,727,732	\$ 0.12
1985	1,724,564	1.78
1984	1,717,637	3.23
1983	1,696,723	4.47
1982	1,682,970	4.09

+ Including extraordinary gain of \$1,751,000 (\$1.02 per share) in 1984.

‡ Based on the weighted average number of common shares and common stock equivalents outstanding adjusted to reflect stock splits.

Common Stock		
	Cash Dividend ‡	Stock Dividend
1986	\$0.80	—
1985	0.80	—
1984	0.77½	—
1983	0.67½	—
1982	0.59½	—

‡ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 72,844,000	\$ 42.08
1985	73,900,000	42.83
1984	72,254,000	41.89
1983	67,740,000	39.73
1982	61,022,000	36.15

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	1/3/86	12/28/85
Net sales	\$ 184,989,000	\$ 211,453,000
Cost of sales	133,759,000	154,376,000
Expenses	47,950,000	48,499,000
Interest expense	4,004,000	4,407,000
Other income	(999,000)	(884,000)
Income before taxes	\$ 275,000	\$ 5,055,000
Income taxes	69,000	1,992,000
Net Income	\$ 206,000	\$ 3,063,000

* Included in Costs and Expenses, Depreciation: \$4,689,000 in 1986 and \$4,232,000 in 1985.

Assets		
As of	1/3/86	12/28/85
Cash	\$ 493,000	\$ 1,502,000
Accts. receiv., net	18,168,000	24,138,000
*Inventories	74,048,000	66,747,000
Prepaid expenses	2,833,000	2,185,000
Current Assets	\$ 95,562,000	\$ 94,572,000
*Fixed assets	31,882,000	31,425,000
Construc. funds held in escrow	671,000	839,000
Cap. leases	3,813,000	4,148,000
Total Assets	\$ 131,928,000	\$ 130,984,000

Liabilities		
Notes payable	\$ 2,836,000	\$ 2,836,000
Accts. payable	6,011,000	7,028,000
Accruals	5,545,000	6,567,000
Other liab.	2,677,000	2,661,000
Curr. Liabilities	\$ 17,069,000	\$ 19,092,000
Notes payable	35,118,000	32,190,000
Deferred inc. taxes	6,897,000	5,802,000
+ Common stock	8,672,000	8,645,000
Add. paid-in capital	234,000	141,000
Retained earnings	64,047,000	65,223,000
Treasury stock	(109,000)	(109,000)
Total Liabilities & Shareholders' Equity	\$ 131,928,000	\$ 130,984,000

* At lower of cost (FIFO) or market.
* Less accumulated depreciation.
+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.15	2.39
%Net Income to Sales	0.11	1.45
%Net Income to Equity	0.28	4.14
Sales to Inventories	2.50	3.17
Debt to Equity	0.51	0.47
Working Capital	\$78,493,000	\$75,480,000
Current Ratio	5.60	4.95
Shareholders' Equity	\$72,844,000	\$73,900,000

Wm. E. Wright Co.

West Warren, Massachusetts 01092
(413) 436-7732

Officers: Daniel C. Ferguson, chairman; John J. Lynch, president; Clarence R. Davenport, v.p. & treasurer; William T. Aldredge, Donald L. Krause, William K. Doppstadt, v.p.'s; Roland E. Knecht, secretary.

Directors: Daniel C. Ferguson, chairman; William T. Aldredge, John B. Caron, Alphonse J. Donahue, Donald L. Krause, A. John Wright, William N. Wright, Jr.

Business Activities: Manufactures apparel tapes and trimmings for apparel manufacturers and for the home sewing market; decorator trimmings for home furnishing manufacturers and for the home sewing market; and gift ties and bows.

Plant Locations: West Warren, Mass.; Williamsport, Pa. Scarborough, Ontario, Canada.

Trademarks and/or Brand Names: Wrights, Trimtex.

Divisions:

Trimtex Company
Williamsport, Pennsylvania
Manufactures and markets knitted, woven and braided trimmings.

Wright of Canada Ltd.

Scarborough, Ontario, Canada
Manufactures and distributes trimmings, ribbons and home furnishings for use in both consumer and industrial markets throughout Canada.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WRIT (NASDAQ)

Sales and Earnings

	Net Sales	Net Income
1986	\$ 48,240,000	\$ (806,000)
1985	52,146,000	1,463,000
1984	55,447,000	1,845,000
1983	58,309,000	3,131,000
1982	61,425,000	3,671,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,112,000	\$ —
1985	2,110,000	0.69
1984	2,089,000	0.88
1983	2,071,000	1.51
1982	2,173,000	1.69

(Loss)

‡ Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985
Apparel tapes, trimmings & accessories	\$ 41,603,000	\$ 45,830,000
Decorative packaging	6,637,000	6,316,000
Total	\$ 48,240,000	\$ 52,146,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.48	—	—
1985	0.38	—	—
1984	0.38	—	—
1983	0.35	—	—
1982	0.31	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 27,102,000	\$ 12.83
1985	29,248,000	13.85
1984	28,553,000	13.57
1983	27,383,000	13.24
1982	24,969,000	12.07

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 48,240,000	\$ 52,146,000
Cost of sales	30,053,000	31,247,000
Expenses	15,968,000	18,466,000
Interest expense	3,861,000	—
Other income	(249,000)	(27,000)
Income (loss) before taxes	\$ (1,393,000)	\$ 2,460,000
Income taxes (credit)	(587,000)	997,000
Net Income (Loss)	\$ (806,000)	\$ 1,463,000

* Included in Costs and Expenses, Depreciation and Amortization: \$1,362,000 in 1986 and \$1,280,000 in 1985.

As of June 30	1986	1985
Cash and cash equivalents	\$ 1,127,000	\$ 118,000
Short-term invest.	6,255,000	2,524,000
Accts. receiv., net	6,622,000	8,133,000
*Inventories	12,839,000	16,928,000
Deferred inc. taxes	1,054,000	643,000
Other assets	215,000	365,000
Current Assets	\$ 28,112,000	\$ 28,711,000
#Fixed assets	5,924,000	7,817,000
Deferred inc. taxes	395,000	—
Other assets	766,000	1,378,000
Total Assets	\$ 35,197,000	\$ 37,906,000
Liabilities		
Accts. payable	\$ 2,147,000	\$ 3,799,000
Accrued taxes	1,065,000	779,000
Accrued comp.	663,000	933,000
Restruct. costs	681,000	—
Takeover defense exp.	556,000	—
Other accruals	640,000	646,000
Long-term debt, curr.	91,000	91,000
Curr. Liabilities	\$ 5,843,000	\$ 6,248,000
Deferred compensation	2,014,000	1,726,000
Deferred inc. taxes	—	355,000
Long-term debt	238,000	329,000
+ Common stock	1,216,000	1,216,000
Add. paid-in capital	1,557,000	1,525,000
Retained earnings	27,532,000	29,351,000
Cum. trans. effects	(172,000)	(139,000)
Treasury stock	(3,031,000)	(2,705,000)
Total Liabilities & Shareholders' Equity	\$ 35,197,000	\$ 37,906,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.50 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.72
%Net Income to Sales	—	2.81
%Net Income to Equity	—	5.00
Sales to Inventories	3.76	3.08
Debt to Equity	0.01	0.01
Working Capital	\$22,269,000	\$22,463,000
Current Ratio	4.81	4.60
Shareholders' Equity	\$27,102,000	\$29,248,000

Winston Mills, Inc.

1457 Broadway
New York, New York 10018
(212) 391 8023

Corporate offices:

P.O. Box 337
Swannanoa, North Carolina 28778
(704) 298-2280

Officers: David Rosen, chairman of the board & chief exec. officer; Fred Knox, president; Larry Casper, treasurer; Robert DiPaola, secretary.

Directors: David Rosen, chairman; Fred Knox, Robert DiPaola.

Business Activities: Provides dyeing and finishing services to the textile and apparel industry and converts fabrics for its gabardine program.

Plant Location: Swannanoa, North Carolina.

Transfer Agent(s):

Continental Transfer & Trust Co.
New York, New York & Jersey City, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WNST (NASDAQ)

Sales and Earnings

	Net Sales	Net Income †
1985	\$ 12,975,471	\$ (3,651,565)
1984	12,857,579	2,824,055
1983	14,190,589	704,182
1982	10,757,296	252,354
1981	13,900,525	779,755
	No. of Com. Shares	Earn. per Share †
1985	1,383,690	\$ —
1984	1,383,690	1.78
1983	1,647,250	0.43
1982	1,616,250	0.16
1981	N.A.	0.39

(Loss)

N.A. - Not Available.

† Including extraordinary gains of \$1,601,700 (\$1.01 per share) in 1984, \$350,000 (\$0.21 per share) in 1983, \$96,000 (\$0.06 per share) in 1982 and \$1,171,386 (\$0.58 per share) in 1981.

Common Stock Equity

	Total Equity	Equity Per Share
1985	\$ 1,847,334	\$ 1.34
1984	5,498,899	3.97
1983	3,340,564	2.03
1982	2,554,852	1.58
1981	2,302,498	—

Income Account *

Year ended	12/28/85	12/29/84
Net sales	\$ 12,975,471	\$ 12,857,579
Cost of sales	12,564,358	11,924,477
Expenses	798,782	679,304
Interest expense	74,834	548,712
Loss before taxes	\$ (462,503)	\$ (294,914)
Tax credit	—	(129,000)
Loss - cont. oper.	\$ (462,503)	\$ (165,914)
Income (loss) - discount oper.	(3,189,062)	1,388,269
Net Income (Loss)	\$ (3,651,565)	\$ 1,222,355
Extraord. gain	—	1,601,700
Net Income (Loss) & Extraord. gain	\$ (3,651,565)	\$ 2,824,055

* Included in Costs and Expenses, Depreciation and Amortization: \$369,483 in 1985 and \$363,528 in 1984.

Assets

As of	12/28/85	12/29/84
Cash & short term invest.	\$ 18,201	\$ 2,309,446
Accts. receiv., net	2,580,653	2,123,527
Note receivable	776,835	1,780,564
*Inventories	877,677	1,162,197
Net assets - discount oper.	360,160	—
Prepaid expenses	63,233	73,539
Current Assets	\$ 4,676,759	\$ 7,449,273
#Fixed assets	4,048,941	4,241,436
Leased prop. under cap. leases	374,676	527,342
Note receiv. - Blue Bell	—	776,835
Other assets	330,637	548,367
Total Assets	\$ 9,431,013	\$ 13,543,253

Liabilities

Notes payable	\$ 2,066,635	\$ —
Long-term debt, curr.	1,067,779	2,122,737
Cap. lease oblig., curr.	167,736	162,634
Accts. payable	992,527	1,213,998
Accrued payroll	140,053	166,516
Other accruals	192,119	345,876

Winston Mills, Inc.

Income taxes	—	21,000
Other taxes	49,995	80,446
Curr. Liabilities	\$ 4,676,844	\$ 4,113,207
Long-term debt	2,602,303	3,464,874
Cap. lease oblig.	304,532	466,273
+ Common stock	204,833	204,833
Add. paid-in capital	5,832,320	5,832,320
Retained earnings (deficit)	(3,223,287)	428,278
Treasury stock	(966,532)	(966,532)
Total Liabilities & Shareholders' Equity	\$ 9,431,013	\$ 13,543,253

* At lower of cost (FIFO) or market.
 ‡ Less accumulated depreciation.
 † Less accumulated amortization.
 + \$0.10 per value.

Statistical Summary		
%Net Income to Equity	—	22.23
Sales to Inventories	14.78	11.06
Debt to Equity	3.36	1.13
Working Capital	—	\$3,336,066
Current Ratio	—	1.81
Shareholders' Equity	\$1,847,334	\$5,498,899

F.W. Woolworth Co.

Woolworth Building
 233 Broadway
 New York, New York 10279
 (212) 533-2000

Officers: Harold E. Sells, chairman of the board & chief executive officer; Frederick E. Hennig, president & chief operating officer; Arnold S. Anderson, exec. v.p.-administration & general counsel; John H. Cannon, v.p. & treasurer; William K. Lavin, exec. v.p. & chief financial officer; vice presidents: Joseph F. Carroll-public affairs; Ted M. Annenberg-deputy general counsel; Roy L. Garofalo-investor relations; Aubrey C. Lewis-corporate liaison; C. Jackson Gray-corporate planning & development; Thomas E. page-controller; Henry C. Miner, III-taxation; Charles T. Young-management information systems; William B. Thomson, secretary; assistant vice presidents: Jacqueline D. Delafuente-law dept., James J. O'Neill-taxation; Glen R. Goff-general auditor; Michael T. Steven, Laura T. Kinsner, asst. controllers; Gary M. Bahl, Christopher J. Hoey, S. William Manterla, James J. Pirretti, George K. Schubert, Frances E. Trichter, asst. secretaries; Alfonso Tino, asst. treasurer.

Directors: Harold E. Sells*, chairman; Fred Kirby*, Seymour H. Knox III*, Andrew F. Peck*, Margaret P. MacKinnon*, John W. Adams*, Jacobin Gilbert, Jr.*, Eugene J. Sullivan*, James E. Preston*, Helen Gailand*, John J. Mackowski*, John W. Lynn*, Frederick E. Hennig.

* Member of the Executive Committee.

Area of Work: Operates a chain of 1,851 variety stores under the Woolworth name throughout the United States and in Mexico, Canada, the Caribbean Islands, West Germany and Puerto Rico. Also operates 119 Woolco Department Stores in Canada, a men's and women's wear chain of 319 stores, under the name of The Richman Brothers Company or Anderson-Little, the 3,740 Kinney Shoe Stores and leased departments in the United States, Canada and Australia under the names Kinney, Frugal Frank's, Foot Locker, Lady Foot Locker, Fredelle, and Susie's among others. Also operates 277 Little Folk Shop stores under the names Kids Mart and Little Folk. These stores sell children's and infant's apparel. In addition, the company operates three The Rx Place drugstores.

The Company's Richman Brothers subsidiary manufactures men's suits, sports coats, and slacks.

Trademarks and/or Brand Names: Richman Woman.

Divisions and Subsidiaries:

F.W. Woolworth Co. Limited, Canada
 F.W. Woolworth Co. G.m.b.H., Germany

Kinney Shoe Corporation
 New York, New York

The Richman Brothers Company
 Cleveland, Ohio

The Rx Place Division
 Holtzman's Little Folk Shop, Inc.
 U.S. Woolworth Division
 Woolworth Overseas corp.
 Woolworth Mexicana, S.A. de C.V. (49% owned)

Transfer Agent(s):

Morgan Shareholder Services Trust Company
 30 West Broadway
 New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, Boston, Cincinnati, Philadelphia

Ticker Symbol: Z

Sales and Earnings		
	Net Sales ‡	Net Income ‡
1986	\$6,501,000,000	\$ 214,000,000
1985	5,958,000,000	177,000,000
1984	5,737,000,000	141,000,000
1983	5,456,000,000	118,000,000
1982	5,124,000,000	(353,000,000)
	No. of Com. Shares †	Earn. per Share †
1986	65,000,000	\$ 3.25
1985	64,000,000	2.75
1984	63,000,000	2.22
1983	63,000,000	1.86
1982	61,000,000	1.31

(Loss)

‡ Includes sales of leased departments; of continuing operations only.

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend †	Stock Dividend	Stock Split
1986	\$1.12	—	2-for-1
1985	1.03	—	—
1984	.90	—	—
1983	0.90	—	—
1982	0.90	—	—

† Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity ‡ (000's)	Equity Per Share †
1986	\$1,473,000,000	\$ 22.49
1985	1,205,000,000	18.80
1984	1,028,000,000	16.34
1983	1,005,000,000	15.96
1982	967,000,000	15.78

‡ After allowing for preferred stock at involuntary liquidation value.

† Adjusted to reflect stock split.

Income Account (000's)		
Year ended Jan. 31	1987	1986
Net sales	\$ 6,501,000	\$ 5,958,000
Other income	30,000	32,000
Total income	\$ 6,531,000	\$ 5,990,000
Cost of sales	4,287,000	3,952,000
Expenses	1,689,000	1,545,000
Depreciation & amortization	125,000	111,000
Interest expense	56,000	68,000
Income before taxes	\$ 374,000	\$ 314,000
Income taxes	160,000	137,000
Net Income	\$ 214,000	\$ 177,000

Assets		
As of Jan. 31	1987	1986
Cash	\$ 239,000	\$ 143,000
*Inventories	1,327,000	1,264,000
Other assets	118,000	114,000
Current Assets	\$ 1,684,000	\$ 1,521,000
*Fixed assets	978,000	838,000
Leased prop. under cap. leases	91,000	90,000
Other assets	97,000	86,000
Total Assets	\$ 2,850,000	\$ 2,535,000

Liabilities		
Long-term debt & cap. lease oblig., curr.	\$ 18,000	\$ 14,000
Accts. payable	455,000	454,000
Accruals	293,000	262,000
Res. for discount oper.	20,000	26,000
Dividends payable	18,000	16,000
Income taxes	77,000	59,000
Curr. Liabilities	\$ 881,000	\$ 831,000
Long-term debt	248,000	245,000
Other liabilities	90,000	74,000
Oblig. under cap. leases	110,000	111,000
Defer. income taxes	37,000	30,000
Reserve-discount oper.	—	2,000
+ Preferred stock	1,000	1,000
+ + Common stock	236,000	128,000
Retained earnings	1,239,000	1,181,000
Treasury stock	(13,000)	(6,000)
For. curr. trans. adj.	21,000	(82,000)
Total Liabilities & Shareholders' Equity	\$ 2,850,000	\$ 2,535,000

* At lower of cost or market. LIFO for domestic inventories; FIFO for foreign.

‡ Less accumulated depreciation.

+ \$1 par value. \$2.20 Series A, convertible.

+ + \$3 1/2 par value.

Statistical Summary		
%Income bef. Taxes to Sales	5.75	5.27
%Net Income to Sales	3.29	2.97
%Net Income to Equity	14.42	14.47
Sales to Inventories	4.90	4.71
Debt to Equity	0.17	0.30
Working Capital	\$ 803,000,000	\$ 690,000,000
Current Ratio	1.91	1.83
Shareholders' Equity	\$1,484,000,000	\$1,223,000,000

Work Wear Corporation, Inc.

(Acquired by Paine Webber Capital on June 19, 1986)

1768 East Twenty-Fifth Street
 Cleveland, Ohio 44114
 (216) 771-4040

Officers: Peter Brinckerhoff, chairman; Earle G. Poole, president, chief exec. officer & pres.-occupational and specialized apparel sales; Robert J. Sislian, exec. v.p. & pres.-health care and specialized disposable products; Byron N. Cohen, v.p., general counsel & secretary; William Gillespie, v.p.-sales, occupational and specialized apparel sales; E. Stanley Hale, exec. v.p.-European operations; G. Harvey Rutledge, exec. v.p. & acting president-occupational and specialized apparel rentals; P. Richard Williams, v.p., chief financial officer & treasurer; Carl H. Hulsman, v.p. & controller; Alan Hutson, v.p. & exec. v.p.-sales and marketing, occupational and specialized apparel sales; Alvin J. Romanoff, pres.-Sir Shirtmakers, occupational and specialized apparel sales; Curtis R. Hougland, pres.-Action-Line, Inc.

Directors: Peter Brinckerhoff, chairman; David F. Brown, William F. Connell, Lester Korn, Marshall Manley, Earle G. Poole, Charles J. Simons, Robert J. Sislian.

Work Wear Corporation, Inc.

Business Activities: Engaged in the manufacture and distribution of industrial garments and service apparel, uniforms, career-oriented apparel and disposable products, and the manufacture of men's dress shirts, women's sportswear and outerwear and in the rental and laundering of industrial garments, service apparel and other items.

Textile Trademarks and/or Brand Names: Work Wear, Action-Line, Ella Skinner Uniforms, Mars White Knight, Miller Manufacturing, Sir Shirtmakers, Struble & Moffitt, White Knight Textiles, Wiz-Wipes.

Plant Location: Piedmont, Ala.; Blakely & Vienna, Ga.; Gonzales, La.; Laurel & Richton, Ms.; Granby & Jopling, Mo.; Cleveland, Oh.; Pickens, S.C.; Alexandria & Erwin, Tn.; Denison, Garland, Nocona, Palestine, Pleasant Grove, Tx.

Divisions and Subsidiaries:

Rental Services Division - Canada

Work Wear Corporation of Canada Ltd.

La Corporation Work Wear de Quebec

Occupational and Specialized Apparel

Manufacturer of work clothes and industrial garments, service apparel, linen supply garments, and corporate identity uniforms.

Domestic:

Work Wear Corporation, Inc.
Cleveland, Ohio
New York, New York
Industrial clothing.

Miller Manufacturing Company
St. Louis, Missouri
Industrial clothing.

Brew Apparel, Inc.
Cleveland, Ohio
Maplewood, New Jersey
Products include linen supply garments, service apparel for the health care industry.

Sir Shirtmakers
New York, New York
Pickens, South Carolina
Private label uniform, dress and sports shirts.

Action-Line Inc.
Garland, Texas
Nurses uniforms and career apparel for uniform stores catering to health care professionals, fast food industry, hotel/motel markets, banks and other financial institutions.

United Uniform Mfg. Co. of Memphis, Inc.
Memphis, Tennessee

Canadian:

Anchor Textiles
Toronto, Ontario
Montreal, Quebec
Washable service apparel production.

Sainthill Levine Uniforms Canada Limited
Toronto, Ontario; Joliet, Quebec; Burnaby, B.C.;
Edmonton, Alberta; Winnipeg, Manitoba.
Uniforms, industrial and career apparel, fine clothing and shirts.

Ella Skinner Uniforms, Ltd.
Toronto, Ontario
Montreal, Quebec

McEwen Sainthill Division
Montreal, Quebec

European:

Work Wear Corp., Inc.
European Headquarters
Beeston, Nottingham, England

WearWell Overall Manufacture
Tamworth, Staffs, England
Industrial garments.

Ets. Van Moer, S.A.
Hulshout, Belgium
Industrial garments and washable service apparel.

M.I.C.C. Limited
B'Kara (Valletta), Malta
Industrial garments.

C.I.Gn
Nozay, France
Industrial work clothing.

Work Wear (Deutschland) GmbH
Grevenbroich, West Germany

Health Care:

Mars Manufacturing Company
Asheville, North Carolina

S.E.T.E.X.
Villurbanne, France

Mars White Knight Disposable Products

Specialized Disposable Products:

Struble & Moffitt Company
Runnemede, New Jersey

M and B Manufacturing Co.
Asheville, North Carolina

Work Wear Corp. of Canada, Ltd.

Wiz-Wipes Division
Toronto, Ontario
Maplewood, New Jersey
Beeston, Nottingham, England

White Knight Hospital Disposables
Childersburg, Alabama
Douglas, Arizona
Dallas, Texas

Percept Division
Norcross, Georgia
Produces disposable and reusable garments and surgical packs for hospital and other medical facilities and disposable work clothing for industry.

Industrias, APSON S.A. de C.V.
Agua Prieta, Sonora, Mexico

NOTE: All of the capital stock of Work Wear Corporation, an Ohio corporation, and its subsidiaries, was acquired on June 19, 1986 pursuant to a merger which has been accounted for by the Company (Work Wear Corporation, a Delaware corporation) under the purchase method of accounting.

Sales and Earnings

	Revenues +	Net Income †
12/31/86*	\$ 124,850,000	\$ 798,00
6/30/86*‡	122,917,000	3,221,000
12/31/85‡	240,921,000	9,687,000
12/31/84‡	225,195,000	6,223,000
12/31/83‡	204,567,000	5,833,000

	No. of Com. Shares #	Earn. per Share #†
12/31/86*	1,000,000	—
6/30/86*‡	1,000,000	—

*6 months

‡ Predecessor company
+ Includes rental service income and sales; of continuing operations only.

† Including extraordinary gain of \$465,000 in 1983 and extraordinary loss of \$427,000 in the period ending Dec. 31, 1986.

Not considered meaningful because the Company is privately held.

Common Stock Equity

	Total Equity	Equity Per Share
12/31/86	\$ 13,841,000	\$ 13.84
6/30/86+	12,500,000	12.50
12/31/85+	60,672,000	—
1984	53,666,000	—
1983	50,967,000	—

+ Predecessor company.

Income Account °

Year ended Dec. 31	1986 (6 months)
Revenues	\$ 124,850
Cost of sales & services	92,368
Expenses	19,506
Interest expense	7,594
Gen. corp. expense	1,015
Inc. bef. taxes	\$ 4,367
Income taxes	3,142
Net Income	\$ 1,225
Extraord. loss	(427)
Net Income & extraord. loss	\$ 798

* Included in Costs and Expenses, Depreciation and Amortization: \$1,875,000 in 1986.

Assets (000's)

As of Dec. 31	1986
Cash & cert. of deposit	\$ 9,223
Accts. and notes receiv., net	42,216
Other receivables	4,851
*Inventories	63,059
Prepaid expenses	1,387
Current Assets	\$ 120,736
#Fixed assets	32,890
Other assets	21,174
Total Assets	\$ 174,800

Liabilities (000's)

Notes payable	\$ 106
Long-term debt, curr.	1,105
Accts. payable & accrued payroll	17,653
Income taxes	2,158
Other curr. liab.	4,464
Curr. Liabilities	\$ 25,486
Long-term debt	135,302
Deferred inc. taxes	171
+ Common stock	12,500
Retained earnings	798
Foreign curr. translation adj.	543
Total Liabilities & Shareholders' Equity	\$ 174,800

* At lower of cost (U.S. manufacturing companies at LIFO; all others at FIFO) or market.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.50
%Net Income to Sales	0.98
%Net Income to Equity	8.85
Debt To Equity	9.86
Working Capital	\$95,250,000
Current Ratio	4.74
Shareholders' Equity	\$13,841,000

Index of Textile Trademarks

Note: This listing includes textile and apparel trademarks and brand names only. It pertains only to those publicly-held companies which are listed in this book. Although this listing is not complete, our editors have tried to be as thorough as possible. This is a complete listing of textile and apparel trademarks and brand names. This index is compiled from many sources including information supplied by the companies listed.

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